

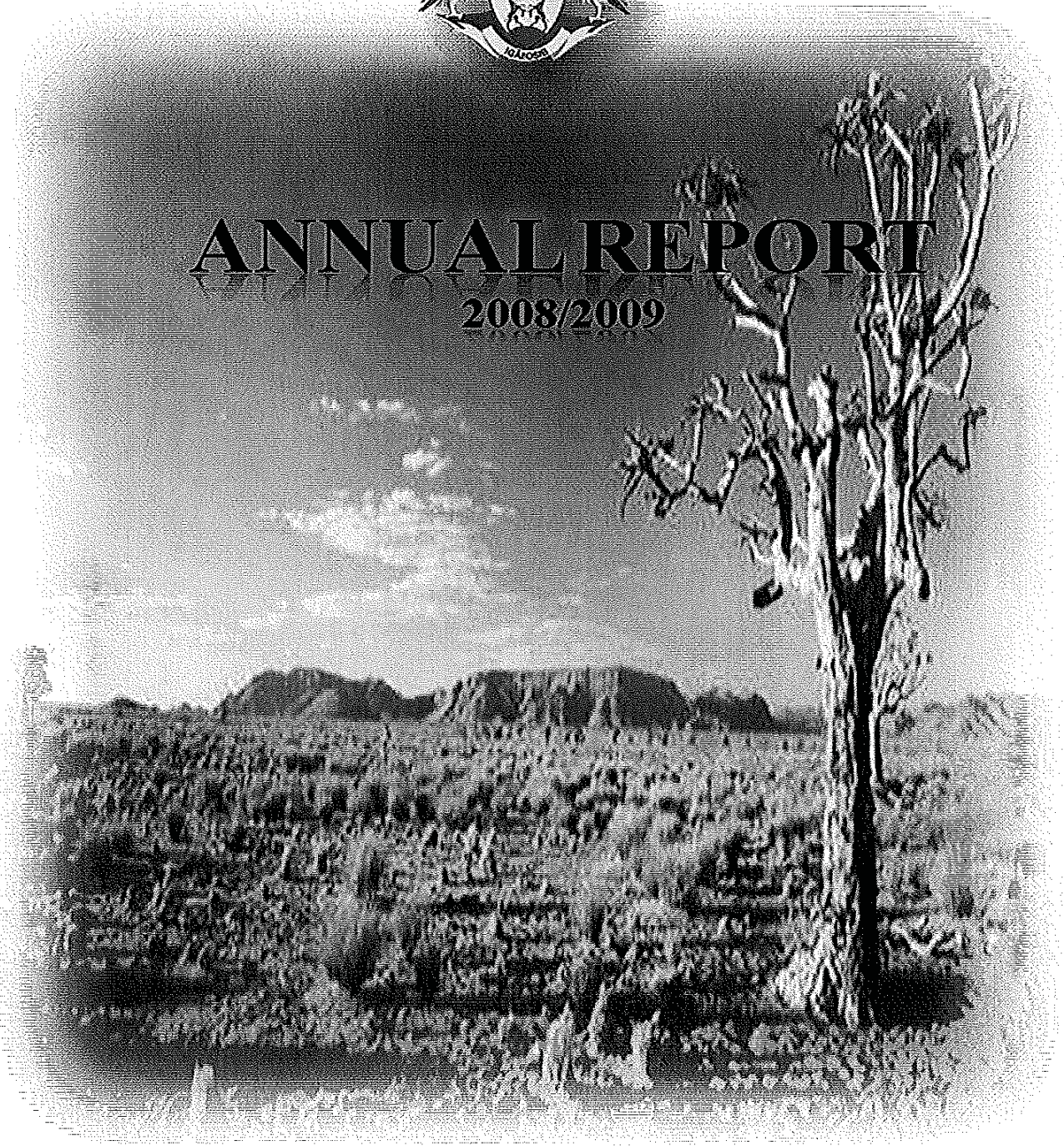
NAMAKWA

DISTRICT MUNICIPALITY



ANNUAL REPORT

2008/2009



CONTENTS

	Page
Vision and Mission.....	1
Foreword: Executive Mayor.....	2
Background of Namakwa District Municipality.....	4
Report of Human Resources.....	7
Overview of selected Departments.....	11
SDBIP.....	18
Accounting Policy.....	34
Financial Statements.....	51
Report of the Auditor-General.....	77

VISION

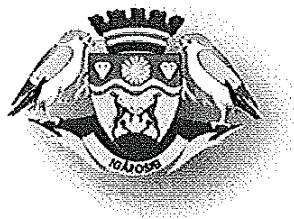
"The establishment of a development-orientated and economically viable district through sustainable growth"

MISSION

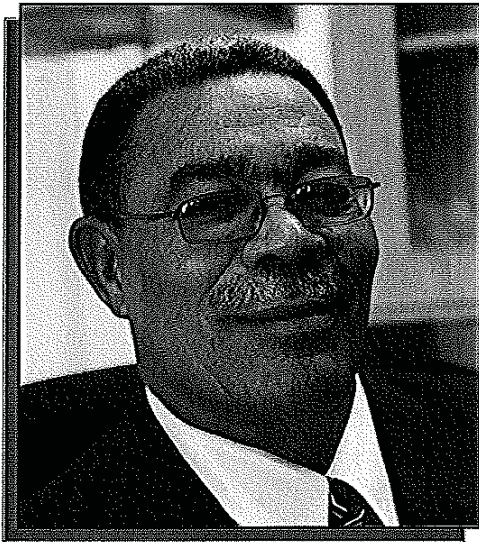
In order to comply with the vision, a mission was prepared which concentrated on certain key focus areas, namely:

Promotion of the quality of life of the Namakwa community through purposeful and quality service, and the effective and optimal utilisation of resources, focussing especially on:

- Economic development
 - Development, upgrading and maintenance of basic infrastructure
 - Development of human resources
- Sustainable management and optimal utilisation of operational and natural resources
 - Creating of a safe, healthy and investment-friendly environment
 - Development of opportunities for local entrepreneurs
- Ensuring friendly, credible and transparent services and client satisfaction.



foreword: Executive Mayor



This report reflects on the activities during the 2008/09 financial year and should not be viewed as just a compliance exercise but rather as a sincere and genuine attempt to give expression to the commitment and responsibility of Council to be accountable to the electorate and all other stakeholders.

The year under discussion was marked by political turbulences and instability with the emerging of a new political party (COPE) out of the ranks of the African National Congress (ANC) as the ruling party at District municipal level. This impacted to a large extent negatively on the work of Council as well as the workforce. However, during the last quarter of the year we managed to stabilize the Council politically

and the ANC remains in full control of Council. All councilors irrespective of their political affiliation are committed to co-operation (working together) to better the quality of life of all the residents in our area of jurisdiction. The challenge that remain is to unite the workforce to be in a situation of trusting one another in order to deliver quality services to our communities. We are confident that the report of the current financial year (2009/10) will positively reflect on this.

The finances of the municipality remain stable and no financial crisis was experienced. This is the result of financial discipline and good planning except for a few irregularities which is under investigation. We are also confident that we will receive an improved Auditor-Generals report for 2008/09 and that we are on course to a clean audit even before the target year of 2014. Both Council and the administration are working together within the scope of legislation to achieve this milestone. We are cognizant of the fact that financial skills and capacity within the administration consistently pose a challenge to us as is the case in other municipalities in the District. The same can be reported in terms of technical skills. Therefore we recorded our gratitude towards the Development Bank of South Africa (DBSA) for their much appreciated support in this disciplines.

Although there is room for improvement in the performance of the municipality as a whole I want to thank everyone (Councilors and employees) for contributing to the success of the municipality. We are faced with many challenges one of which is certainly socio-economic development of the District. We need to be ruthless but sensitive in the fight against poverty, crime, HIV/Aids and stay focused and committed to better health care services, education, upgrading of our townships and alternative economic activities (e.g. the optimal utilization of the Orange River in terms of irrigation (including the construction of a dam)) as compare to mining.

To the public and other stakeholders such as government departments, non-governmental organizations and service providers I thank you for your constructive role and support. In working together we can do better. We believe that we can achieve the objective of a united, non-sexist, non-racial, democratic and prosperous Namakwa District Municipality.

Last but not least we are excited about the upcoming 2010 FIFA Soccer World Cup hosted by South Africa. We as Namaqua District are ready to host and entertain tourists from all over the world. We are fortunate to have the most breathtaking tourist attractions in the world, ranging from South African's Largest Telescope in Sutherland, to the World Heritage Mountain Desert site in the Richtersveld. We are confident that Bafana Bafana will do well and make us proud as a nation. We want to ensure the public of Namaqua that we will do anything in our power to ensure that you experience this historic event on big screen. Looking forward to see you there. We wish you well Bafana Bafana.

HENDRIK VISSER
EXECUTIVE MAYOR

BACKGROUND

The Namakwa District Municipality, the largest in South Africa, has its head office in Springbok with a branch office in Calvinia as well as a small one in Fraserburg.

The District Municipality (DCO6) comprises the following local municipalities:

- i) Richtersveld Municipality (NC061)
- ii) Nama Khoi Municipality (NC062)
- iii) Khai Ma Municipality (NC067)
- iv) Kamiesberg Municipality (NC064)
- v) Hantam Municipality (NC065)
- vi) Karoo Hoogland Municipality (NC066)
- vii) DMA area (NCDMA06)

The Demarcation Board is presently in the process of reviewing the existing municipal demarcation as well as the incorporation of the DMA's into the different B-Municipalities.

GEOGRAPHIC INFORMATION

General (location)

The District Municipality is 126 747km² in extent and runs from Alexander Bay in the northwest to Sutherland and Fraserburg in the south and southeast respectively, a direct distance of approximately 700km.

Apart from the fact that this is the largest (in terms of surface area) district municipality in South Africa, it has a low population density. It is situated in the north-western corner of South Africa and Namibia forms the northern border and the Atlantic Ocean the western border. Interaction with the rest of South Africa can therefore only take place to the south or to the east.

Two national roads cross the district, namely the N7, connecting the Western Cape with Namibia, and the N14 connecting Springbok with Upington and further eastwards.

There are no railway lines in the northern part of the district, the nearest being those at Bitterfontein in the south and Kakamas in the east. Railway lines up to Calvinia and Sakrivier, and then via Williston further inland exist but the service were stopped.

The district has three tarmac aerodromes, namely at Alexander Bay, Springbok and Calvinia. The airport at Alexander Bay enjoyed international status but this was downscaled and is recently only utilised for domestic purposes.

The map below indicates the Namakwa District Municipality in relation to the rest of South Africa.

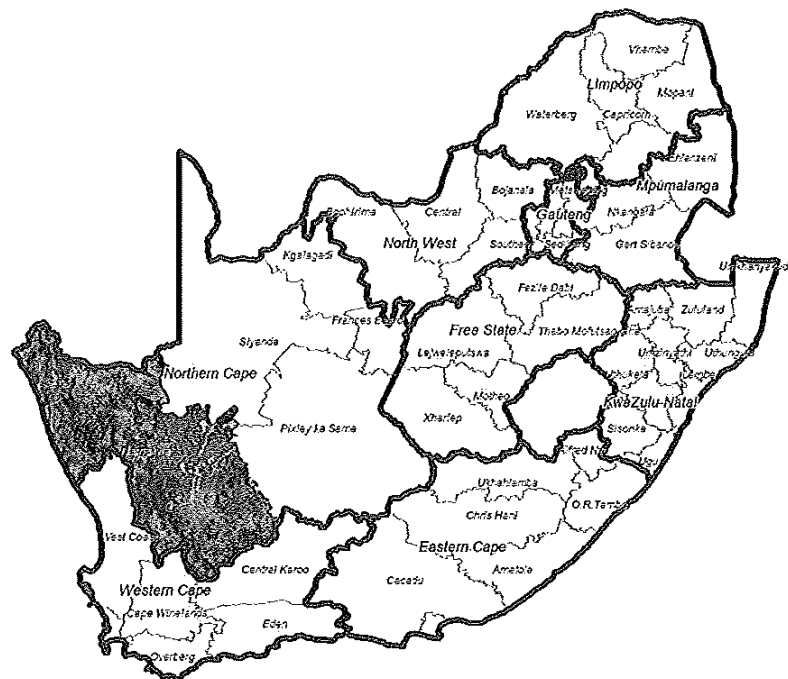


Figure 2.

Topography

Due to the vastness of the area, the Namakwa District Municipality comprises various geographic zones.

In the west there is a coastal plain, which varies in distance from 20-50km from the sea. A steep escarpment rises to approximately 1 000m above sea-level, followed by a reasonably level inland plateau up to the eastern border of the district.

The rest of the district is situated on the inland plateau, divided into various zones, namely Knersvlakte, Roggeveld, etc., on varying altitudes. Sutherland in the south is situated 1 440 m above sea-level, virtually on the southern escarpment.

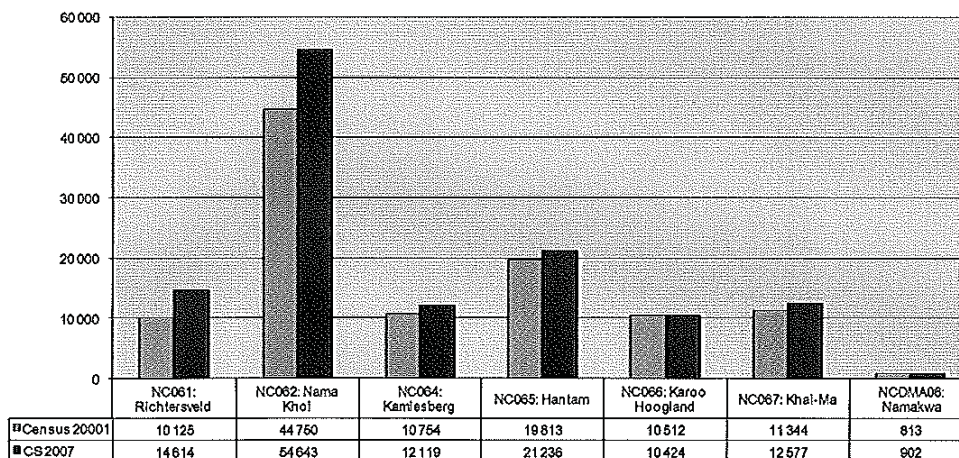
The Orange River forms the northern border of the district and South Africa. This is the largest perennial river in the RSA, originating in the Lesotho Highlands and further on joined by the Vaal River. Fertile topsoil from the interior is deposited along the river thereby considerably increasing the irrigation potential. Due to its natural beauty, climate and location, it is a great tourist attraction with further potential for development. The river mouth, at Alexander Bay in the Atlantic Ocean, is classified as an exceptionally sensitive environmental conservation area.

DEMOGRAPHICS

The population of the Namakwa District Municipality comprises approximately 126 000 people according to the 2007 Community survey. Taking into account the total area of 126 747km², this means an average of about 1 person/km², which is very low.

The population, however, is largely urbanised. The Nama Khoi Municipality is the largest with a population of approximately 54 500 people, followed by Hantam with 21 000, Karoo Hoogland (10 500), Richtersveld (14 500), Kamiesberg (12 000), Khai-Ma (12 500) and the DMA area with approximately 1 000.

The graph below is an indication of the population growth in the different municipalities between 2001 and 2007.

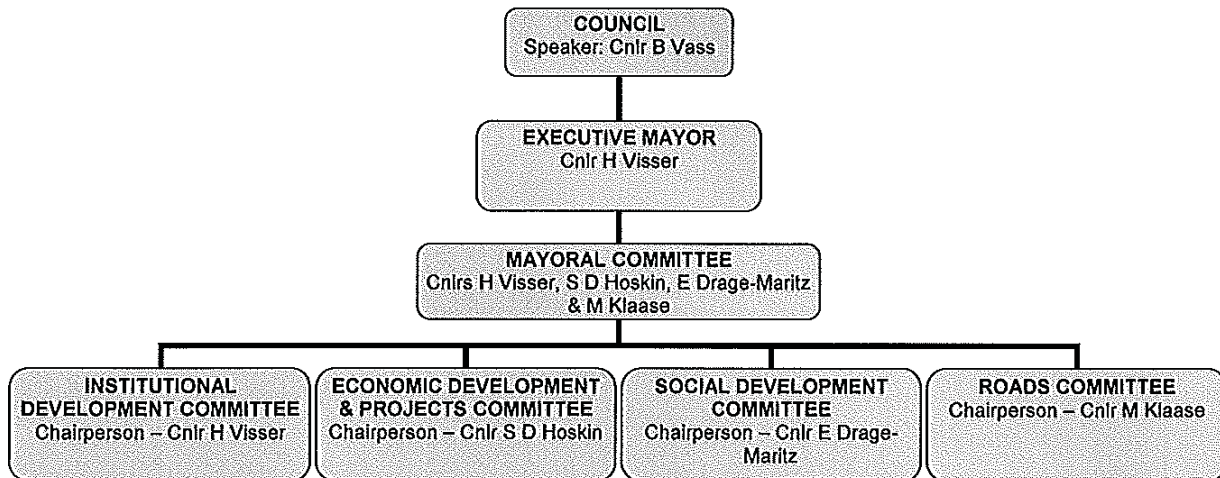


The population of the area comprises various different groupings, with cross-border interaction with the southern part of the Namibian population. The dominant language spoken in the district is Afrikaans with English and isiXhosa used to a lesser extent.

HUMAN RESOURCES

HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

POLITICAL STRUCTURE



Office of the Executive Mayor

After the National and Provincial Elections our Executive Mayor was replaced with Councillor H Visser. The two Community Development Officer positions were declared redundant.

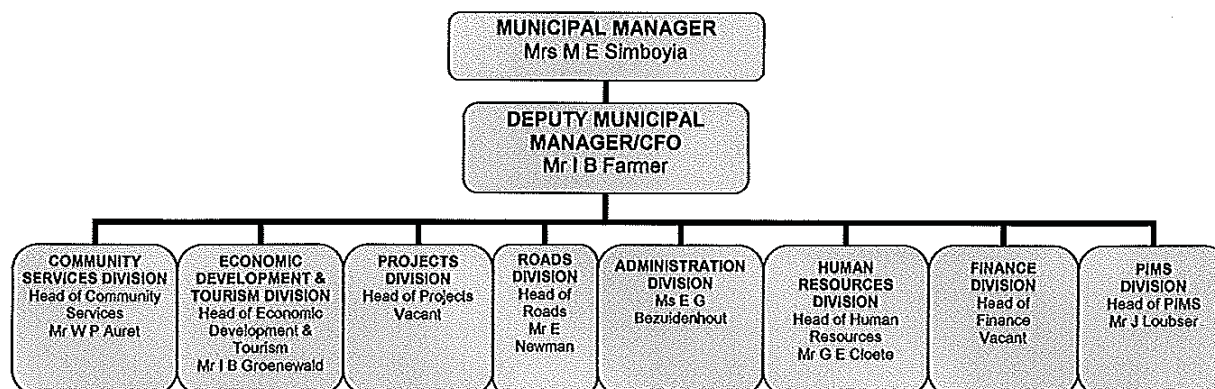
Office of the Speaker

Our Speaker is still Councillor B Vass.

Council and Committees

Due the National and Provincial Elections several Councillors were replaced and the Mayoral Committee was also changed.

ORGANISATIONAL STRUCTURE

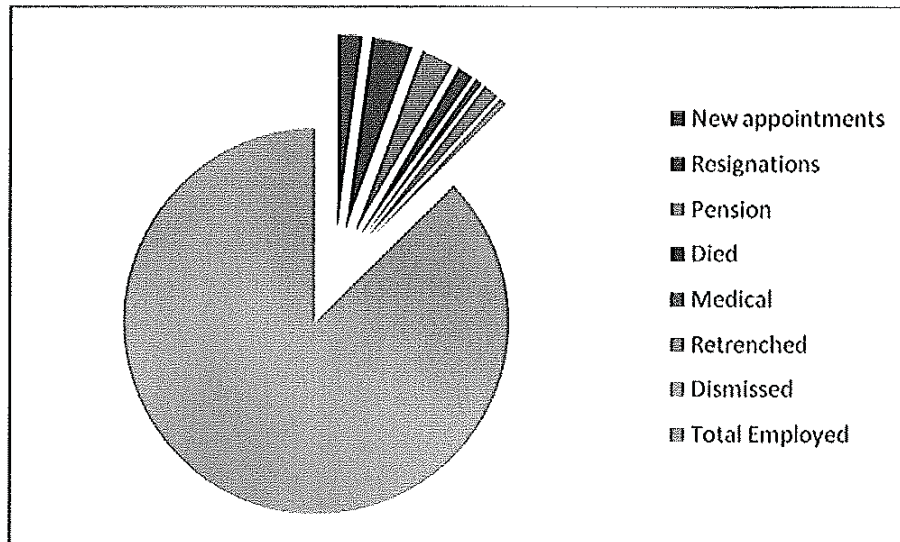


The Management team of the Namakwa District Municipality consists of 4 Coloured Men, 2 Coloured Woman and 2 White Men. Our profile is as follows.

Occupational Categories	PERSONNEL PROFILE								
	Male				Female				TOTAL
	B	C	I	W	B	C	I	W	
Legislators, senior officials and managers		4		2		2			8
Professionals		3		4		2		1	10
Technicians and associate professionals		5		5					10
Clerks		11		1		23		3	38
Service and sales workers						3			3
Skilled agricultural and fishery workers									0
Craft and related trades workers		1		4					5
Plant and machine operators and assemblers	2	16		1					19
Elementary occupations	1	29				3			33
TOTAL PERMANENT	3	69		17		33		4	126
Non – permanent workers									
GRAND TOTAL	3	69		17		33		4	126

During the year a few positions were filled while a few positions became vacant.

New appointments	Resignations	Pension	Died	Medical	Retrenched	Dismissed	Total Employees
3	5	4	2	1	2	1	126



POLICIES

The drafted policies has been work shopped with Councillors, management and the unions but has not been adopted yet.

EMPLOYMENT EQUITY

Our next Employment Equity report is due for 2010. Our Employment Equity Plan will also be reviewed by then.

SKILLS DEVELOPMENT

The implementation of training did not realise as planned. Therefore Council took a decision to make training a priority for the next financial year.

The Municipal Finance and Administration and LED Learnerships were cancelled until LGSETA sort out the funding.

Occupational Categories	PERSONS WHO RECEIVED TRAINING								
	Male				Female				TOTAL
	B	C	I	W	B	C	I	W	
Legislators, senior officials and managers				2					2
Professionals				1		1		1	3
Technicians and associate professionals		1							1
Clerks		1				6			7
Service and sales workers									0
Skilled agricultural and fishery workers									0
Craft and related trades workers									0
Plant and machine operators and assemblers									0
Elementary occupations									0
TOTAL PERMANENT									
Non – permanent workers									
GRAND TOTAL		2		3		7		1	13

PERFORMANCE MANAGEMENT

We are using the Service Delivery and Budget Implementation Plan (SDBIP) template as our reporting mechanism for the Organisational Performance Management (PMS). It has been reviewed and a few changes were made to the template.

Our Individual Performance Management System (IPMS) is still not in place.

GOVERNANCE

The suspension of the Municipal Manager, Deputy Municipal Manager/CFO and Head of Roads had a negative impact on governance. An Acting Municipal Manager was appointed but no one acted as CFO and Head of Roads. We received assistance from the Development Bank of South Africa by placing two officials in Finance and Roads.

HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT FORUM

The Human Resources Practitioners Forum of SALGA and the District Human Resources Management and Development Forum are functioning very well. We are meeting every second month to solve any problems and assist each other.

Overview of Departments

ADMINISTRATION

Introduction

Our mandate is to provide effective and efficient corporate support to the District Municipality by ensuring that all programmes and satellite offices receive adequate support.

Mission

Our mission is to ensure efficient, effective and economic utilization of departmental resources to maximize service delivery.

Personnel

We are responsible for rendering the following line functions:

Administrative support services

Legal services

Property management

Record management, maintenance and archive services

Reception services

Messenger and cleaning services

Switchboard services

Our filing system is central base and the two officials who work in a restricted area ensure effective record management which determine the integrity, accessibility and trust of our municipal records. The Record Manager with two registry officials attend a Record Management course to improve their recordkeeping skills. A concept Record Management Policy was drawn up which will assist us to be organized, systematic, efficient and transparent. It will also guide us to help all people who should be able to access information to do so easily. The policy still needs to be approved by council and legal services.

In our effort to better our services two of our officials attend a workshop on how to manage council resolutions. With the implementing of such council resolutions database we will easily find resolutions by using keywords.

Batho Pele is our priority as we are the frontline personnel and realized that access to decent public services is no longer a privilege to be enjoyed by a few, it is now legitimate expectation. Our vision is to transform and reform our public service as "service to the people". In order to sustain our standards for better service delivery our team design a template where we were evaluated by community members who entering the building. After evaluation of the comments we strive to redress our actions if necessary.

In our effort to build teamwork we took part in a very successful government program for women's month. As a group we plan and organized a full program for the community of Lepelsfontein. Through this we exposed our team to the people's circumstances on the

ground. The end result was definitely a mindset change, where officials realized that they are in a position to strength government key areas by doing their work with more enthusiasm.

As Head of Administration I thank the Administration team for their unconditional support and continued good services offered by them. Your support and advice make us succeed on every level in our department.

Our sincere appreciation to the acting Municipal Manager for his support and guidance through the year which enable us to deliver good services.

PROJECTS DEVELOPMENT

A INTRODUCTION

- At Namakwa District Municipality we always strive to ensure upliftment of the community through the development of infrastructure.
- We aim to create sustainable opportunities for the communities in our District.
- We also aim to create as much job opportunities as possible and empower locals through training programmes in line with the relevant policies and legislation.

B PROJECTS

B.1 HOUSING

- The housing programme included the construction of New Low Cost houses as well as repairs to existing Low Cost Houses.
- Thirty six(36) houses were successfully repaired in Kamassies(8), Kamieskroon(10) and Soebatsfontein(18)
- Fourty four(44) houses were successfully constructed in Hondeklip Bay(42) and Soebatsfontein(2)
- The construction of 32 new houses in Hondeklip Bay will be completed during 2009/2010 financial year.
- The rectification of 33 Low Cost Houses in Hondeklip Bay will also be executed during 2009/2010 financial year.

B.2 WATER & SANITATION

- Additional Oxidation Ponds in Garies and water services in Williston were completed.
- The following projects are still in process: Fraserburg installation of new water reticulation, Williston new Oxidation Ponds and new Oxidation Ponds in Sutherland.
- Construction will commence on the upgrading of Pofadder Bulk water supply and Loeriesfontein Oxidation Ponds when funding is finalised.
-

B.3 SPORTS FACILITIES

- The construction of Port Nolloth- and Spoegrivier sports facilities are in process.
- Zwartskop Sports facility can only commence after township establishment was finalised.

B.4 COMMUNITY BUILDINGS

- Construction of Clinics in Pofadder, Springbok and Kharkams were completed.
- Lepelsfontein Multi Purpose Community Centre (MPCC) and Bergsig-Vaalwater MPCC are in construction.

C. CHALLENGES

Some challenging aspects experienced during project execution included the following:

- Availability of funds.
- Effective communication to relevant parties.(Includes reporting)
- Lack of technical capacity.
- Poor conditions of access roads.

D. BUDGET CONTROL

- Through effective management of the available budget there was no overspending on projects.
- Strict financial control will be enforced for future projects as well.

E. FUTURE PLANNING

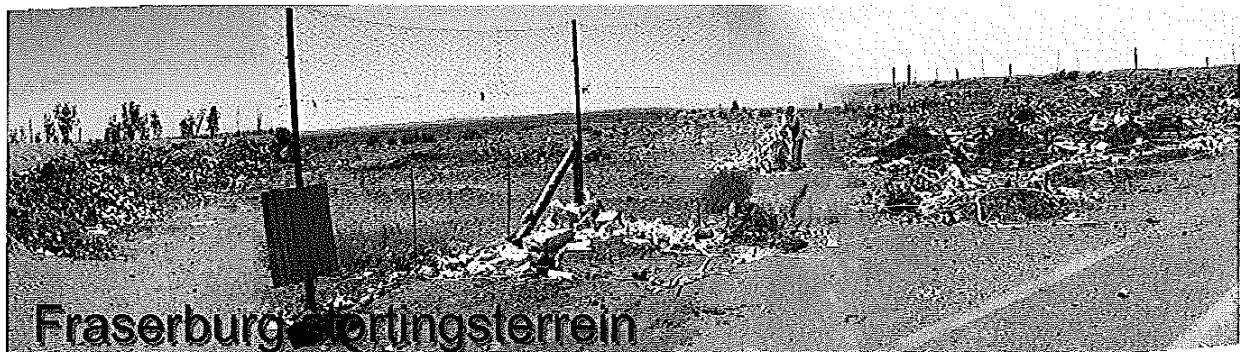
- Through effective planning we want to improve service delivery.
- Creation of more job opportunities through Labour Intensive Construction methods.
- Address challenges to improve production and savings.
- Empower SMME's and locals through learning programs and on the job training.
- Live out the Batho Pele Principals by putting our people first.

COMMUNITY SERVICES: ENVIRONMENTAL HEALTH

PLANNING

Planning for delivery of environmental health services is being done accordingly to the following plans:

- IDP Namakwa District Municipality
- FIFA 2010 World Cup Soccer Guidelines
- Health Care Waste plan
- Health and Hygiene plan;
- Communicable Diseases Preparedness plan
- Provincial Water and Sanitation plan
- Namakwa Water Safety plan
- Namakwa Waste Management plan
- District Environmental Health plan



Community Services formed part of identifying shortcomings and play a major role in collaboration with local role players and Provincial Departments establishing abovementioned plans as well as carrying out it's contents.

IDP PROJECTS

After proper research and consultation the following were identified:

- Prevention and treatment of communicable diseases
- Implementation of waste management
- Implementation of municipal health services during FIFA World Cup
- Water monitoring and quality management
- Evaluation and education in food safety
- Education in personal health and hygiene



The following table demonstrates progress and successes in the implementation of the IDP programmes.

JULY 2008 TO JUNE 2009

PROJECT	ACTIONS TAKEN	TARGETS REACHED
Communicable diseases	202 reported cases reached / education sessions	3009 patients / family members / inhabitants / health workers
Waste management	208 investigation / evaluation/ education sessions	696 councillors / technical personnel / public
Fifa World Cup	45 education sessions	85 businesses / municipalities / communities
Water quality management	315 training sessions in quality / safe use	957 councillors / municipal workers / public / schools
Food safety	269 education actions	1533 owners / food handlers informal and formal / school feeding schemes
Health and Hygiene	1125 education sessions	2898 schools / health workers / inhabitants

PARTICIPATORY ACTIONS

Special events like Arbour Day, National Hand washing Day, World Toilet Day etc. were attended with special presentation according to the theme of the day. Target groups were identified in conjunction with all role players and communities.

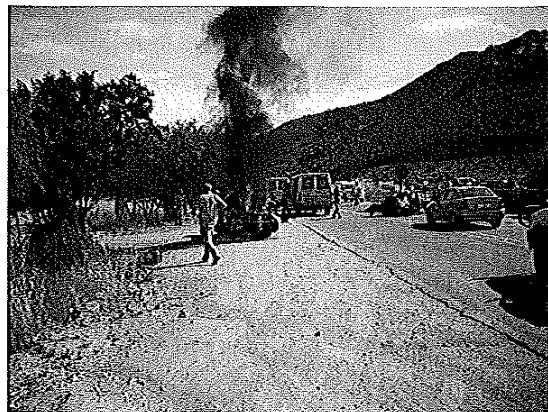
Special programmes / plans like Health and Hygiene is taking place on a continuous base in all communities in the Namakwa Region.

DISASTER MANAGEMENT

The Namakwa District Municipality is situated in the Northern Cape Province. Namakwa District is divided into six local municipalities, namely Hantam, Karoo-Hoogland, Kamiesberg, Nama Khoi, Richtersveld and Khai-Ma Municipalities. There is also a DMA area. It is characterized by vast, sparsely populated areas. In the Namakwa region there are two NEAR stations that is situated in Calvinia and Springbok. The NEAR stations are operational 24 hours a day with a crew of 4 people at each station.

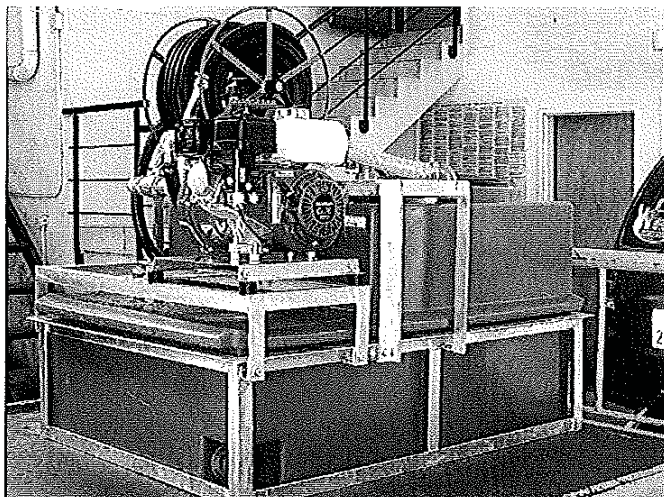
Awareness campaigns

Awareness was done in local municipalities on the different kinds of disasters and on risk reduction.



Enhance Local Municipalities capacity to deal with fire incidents

The Fire Grant that was allocated to the District Municipality was divided between the six local municipalities and the DMA. Each local municipality provided the district with a detailed business plan on how they wanted to spend their grant. The district helped the local municipalities with their need assessment for fire equipment.



Problems experienced and concerns, etc.

Although the department, within the Namakwa District Municipality, assigned with the Disaster Management function, should direct and facilitate the disaster risk management process, it cannot perform the whole spectrum of disaster risk management activities on its own. Disaster risk management is everybody's business. Therefore it is required that each department and each local municipality within the District assign a person or section within the department / local municipality to be the nodal point for disaster management activities in that department / local municipality. The same applies to national and provincial departments operating within the municipality.

The disaster management activities to be performed within departments and local municipalities include participation in disaster risk reduction as well as preparedness and response.

Other Disaster Management initiatives

The efficiency with which a Disaster Management Centre will be able to perform its functions will depend on the ability to fast – track decision making and minimize red tape. In order to fulfill this performance the Disaster Management Centre are handicapped, as Disaster Management are still seen as a Line Function or a Emergency Service by Local Municipalities, and this problem needs to be addressed by the National Disaster Management Centre.

DRAFT

Service Delivery and Budget Implementation Plan (SDBIP)

(This Plan also serves as the Organisational Performance System of the Municipality)

FINANCE AND ADMINISTRATION

Administration

No.	PERFORMANCE INDICATORS – WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
1	Review and technical/legal editing of all Council policies.	100%	80%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
2	Timely compilation and distribution of agendas and minutes for all Council meetings within 14 days prior to the meetings.	100%	100%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
3	Timely compilation and distribution of agendas and minutes for all management meetings by Thursday after the meeting.	0%	0%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
4	The compilation of all minutes of meetings of the Council. (No later than 2 weeks after the meeting)	100%	100%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
5	The compilation and the capturing of Council resolution Register and submission thereof to the Municipal Manager within 7 days after the meeting	100%	100%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
6	Incoming correspondence [letters, facsimiles, e-mail, memorandums] -	100%	100%	Q1- Q2 - Q3 - High volumes of emails blocked the system Q4 - Alternative measures were put in place which results in problem resolved.	Q1- Q2 - Q3 - Move e-mails to another computer Q4 -
7	Obtain Disposal Authority for all closed files and act according to guidelines as prescribed.	100%	100%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
8	Compile, update and maintain contract register and other relevant registers.	100%	100%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
9	Recommendations on and writing of Standard Operational Procedures (SOP's) for the effective function of Administration Segment	100%	100%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -

TOTAL FOR THE VOTE SELECTED - %	100%
CONVERTED TO 100% FOR THE VOTE	100%

Performance for September 2008	100.00%	100.00%
Performance for December 2008	100.00%	100.00%
Performance for March 2009	99.00%	99.00%
Performance for June 2009	99.40%	99.40%
Average Performance for the Year	99.60%	99.60%

FINANCE AND ADMINISTRATION

Human Resources

No.	PERFORMANCE INDICATORS – WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
1	Assistance with the recruitment and selection of vacant positions that has been budgeted for.	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
2	Effective management of Labour relations issues (Disciplinary cases, grievances, disputes & LLF)	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
3	Organise staff/info meetings 4 times a year in Springbok, Calvinia and Fraserburg.	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
4	Drafting and submitting of Skills Development Plan (WSP) before 30 June 2009	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
5	Implementation of WSP	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
6	Complete and submit monthly training reports	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
7	Complete and submit quarterly training reports	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
8	Complete and submit annual training reports	100.00%	100.00%	Q1- Q2 - Not submitted yet Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
9	Prepare year planner	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
10	Budget Control - Income (collect 50% of skills levy paid to SARS)	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
11	Conduct departmental meetings at least 4 times a year.	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -

No.	PERFORMANCE INDICATORS – WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
12	Ensure reclaiming of all Skills Development money due.	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
13	Revision of Employment Equity Plan by June 2009.	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
14	Compile and submit Employment Equity Report in terms of Legislation to Department of Labour.	0.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
15	Capture leave forms on weekly basis on leave system	100.00%	90.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
16	Maintenance of Council Performance Management System in cooperation with PIMS Centre.	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
17	Drafting, submission and follow-up of signing of Performance Agreements of Municipal Manager and Senior Managers.	0.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
18	Budget Control - Expenditure	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
19	Review and approval of Individual PMS.	0.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
20	Implementation of Individual PMS.	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
21	National Indicators	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -

TOTAL FOR THE VOTE SELECTED - %	100%
CONVERTED TO 100% FOR THE VOTE	100%

Performance for September 2008	95.70%	95.70%
Performance for December 2008	82.25%	82.25%
Performance for March 2009	39.50%	39.50%
Performance for June 2009	54.00%	54.00%
Average Performance for the Year	67.86%	67.86%

FINANCE AND ADMINISTRATION

Finance

No.	PERFORMANCE INDICATORS – WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
1	Budget control - Expenditure	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
2	Budget Control - Income	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
3	Financial Statements by 31 August and submitted to the Auditor-General	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
4	Budget Timeframe by 31 August	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
5	Budget Process	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
6	Compile and submit a report on supply chain activities to Council.	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
7	Monthly and quarterly reporting in terms of MFMA, DORA, PT, NT, Mayor, Council and other legislative requirements	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
8	Conduct departmental meetings at least 4 times a year.	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
9	Capturing of budget and actual figures - SDBIP	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
10	National Financial Indicators	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -

TOTAL FOR THE VOTE SELECTED - %	100%
CONVERTED TO 100% FOR THE VOTE	100%

Performance for September 2008	85.00%	85.00%
Performance for December 2008	100.00%	100.00%
Performance for March 2009	95.00%	95.00%
Performance for June 2009	94.00%	94.00%
Average Performance for the Year	93.50%	93.50%

COMMUNITY AND SOCIAL SERVICES

Community Services

No.	PERFORMANCE INDICATORS – WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
1	Prevent spread of diseases through education of 100% of identified cases by June 2009.	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
2	To educate and assist B-Municipalities to implement the waste management implementation plan before June 2009.	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
3	To draft an implementation plan for health services and setting up co-ordination structures for MHS prior to, during and after the World Cup Soccer 2010 event.	0.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
4	Increasing the quality of water to communities by 100 %	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
5	80% out 320 informal food vendors, school programs and households to comply with minimum health standards by June 2009.	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
6	Education on personal health and hygiene in Namakwa Area	100.00%	100.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
7	Production of 1/2 hour anti drug and substance abuse documentary film before June 2009.	0.00%	0.00%	Q1- No movement Q2 - No movement Q3 - No movement Q4 - No movement	Q1- Q2 - Q3 - Q4 -
7	Budget Control - Income	100.00%	100.00%	Q1- R22 000 received for this quarter. Q2 - Half of subsidy received Q3 - R109 000 from allocated R133 000 received Q4 - All allocated funds received	Q1- Q2 - Q3 - Q4 -
8	Budget Control - Expenditure	100.00%	100.00%	Q1- Comply with Q2 - Comply with Q3 - Comply with Q4 - Comply with	Q1- Q2 - Q3 - Q4 -
9	Conduct departmental meetings at least 4 times a year.	100.00%	100.00%	Q1- Comply with Q2 - Comply with Q3 - Comply with Q4 - Comply with	Q1- Q2 - Q3 - Q4 -
10	Procurement of firefighting equipment before September 2008.	100.00%	100.00%	Q1-Inputs received from local municipalities except Kamiesberg Q2 - Inputs received from all	Q1- Q2 - Q3 - Q4 -

				local municipalities. Business plan submitted and half of grant received (R147 000-00) Q3 -Total Grant received Q4 -All unspended funds have been used except by Khai ma municipality	
11	Rollout of training and Risk Management awareness programs before June 2009.	100.00%	100.00%	Q1- Shortage of personnel Q2 - No movement Q3 - Awareness brought to 450 school children Q4 - Awareness brought to 523 school children in two schools in Karoo Hoogland	Q1- Q2 - Q3 - Q4 -
12	Establish and upgrade of radio communication network through 45 radios in B-municipalities before June 2009.	100.00%	20.00%	- No movement Q2 - No movement Q3 - Finish status qua report in the Kamlesberg area Q4 - No movement Q1	Q1- Q2 - Q3 - Q4 -Awaiting new budget of the 2009/10 NEAR grant
13	Conduct departmental meetings at least 4 times a year.	100.00%	100.00%	Q1-Comply with Q2 - Comply with Q3 - Comply with Q4 - Comply with	Q1- Q2 - Q3 - Q4 -
14	Budget Control - Income	100.00%	100.00%	Q1-Grant for fire fighting equipment outstanding due to point 10 Q2 - Half of the grant received Q3 - Total amount of grant received Q4 - Total amount of grant received	Q1- Q2 - Q3 - Q4 -
15	Budget Control - Expenditure	100.00%	100.00%	Q1-Comply with Q2 - Comply with Q3 - Comply with Q4 - Comply with	Q1- Q2 - Q3 - Q4 -

TOTAL FOR THE VOTE SELECTED - %	100%
CONVERTED TO 100% FOR THE VOTE	100%

Performance for September 2008	84.02%	84.02%
Performance for December 2008	89.65%	89.65%
Performance for March 2009	93.03%	93.03%
Performance for June 2009	93.40%	93.40%
Average Performance for the Year	90.03%	90.03%

PLANNING AND DEVELOPMENT

Economic Development

	PERFORMANCE INDICATORS – WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
1	To ensure overall economic development to fulfill the KPA3 Performance Indicators of the NDM to such an extent to score maximum points for the Vuna Awards	100%	50%	Q1- NDM has adopted LED strategy, external economic expert contract was signed with DTI, but it is passive due to revision of the process by DTI, number of formal enterprises is 30, number of EPWP job creation not available. Q2 - Namakwa 4x4 Exploration as PPP, no employment creation, no investment leverage, Procurement policies in place and Smme support does exist in Seda and Namda Q3 - Namakwa 4x4 Exploration as PPP, no employment creation, no investment leverage. Procurement policies in place and Smme support exist in Seda and Namda. Q4 - NDM not part of Nodal Investment atlas, Competitive advantage determined, no second economy plans and LED Budget created for 2009/2010	Q1- Q2 - Take Namakwa 4x4 Exploration back to NDM because no progress on investment leverages and employment figures. Q3 - Q4 -
2	Economic sector: Energy: To ensure participation of the NDM in the development of a synergy between wind energy, natural gas, solar and wave energy so that the energy sector can enhance competitive and comparative advantage of the Namakwa region.	100%	100%	Q1- TPE visited NDM management team and give a positive progress report, contact was established with DPLG to source information on other energy resources Q2 - No progress - waiting for research results Q3 - Feed in tariffs of R 1.25 for wind energy make project viable. EIA done on proposed farms. Q4 - TPE Visit to Namakwa, rezoning of farm needed EIA process still in progress and study with CI on carbin footprint on global warming.	Q1- Q2 - Q3 - Q4 -
3	Mining: To ensure participation of the NDM in: (i) the establishment of a one stop mining centre; (ii) setting up a satellite cutting and polishing facility for semi- precious stones and (iii) to develop social and labor plans in partnership with Mines before June 2009	100%	100%	Q1- Turkish visit was planned by DEA, where local mines can get exposure. Alexkor consult with NDM regarding their social and labour plan. Q2 - Turkish visit postponed Q3 - Formation of Mining Task Team in developing LED Projects. Q4 - One stop mining facility part of provincial LED strategy, diamond cutting and polishing centre plans completed and participate in S&L Plans of mines.	Q1- Q2 - Q3 - Q4 -

	PERFORMANCE INDICATORS – WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
4	ITC: To ensure participation of the NDM in: (1) the establishment and maintenance of a central database to connect B-municipalities with NDM for procurement purposes in partnership with a local business and the CSIR	100%	100%	Q1- CSIR develop new software and install at NDM office Q2 - Establish business do work for Nama Khoi - graceyard statistics Q3 - Work in progress. Q4 - Contract successfully completed	Q1- Q2 - Q3 - Q4 - For next phase need a follow up assessment with CSIR, including procurement and LED.
5	SMME : To ensure participation of the NDM in the promotion of the SMME development so that the informal businesses become part of the mainstream economy in partnership with NAMDA and Seda	100%	100%	Q1- GCIS planned a workshop on the 2nd economy with 4 phases. Q2 - Smme summit during Namakwa festival Q3 - Referrals done, but no info available Q4 - Namda reported that R1 million is disbursed to Smme's. Low repayment from clients, which hampered process. Experienced difficulties in maintaining contract with SAMAF. Seda business plan not available yet to NDM.	Q1- Q2 - Q3 - Q4 - SEDA and Namda to provide annual business plans to NDM for M&E purposes and service level agreements between stakeholders to be concluded.
6	Transport: To report on the promotion and viability of the transport sector of the NDM with emphasis on harbor and railway Developments within the Namakwa area..	100%	100%	Q1- No information available and no progress was measure Q2 - No information available Q3 - No information available Q4 - Private sector presentation to Economic Cluster including such plans.	Q1- Q2 - Q3 - Q4 -
7	Agriculture: To report on the transformation of the Agricultural sector with emphasis on (1) the participation of Namakwa farmers taken part in the commercial goat farming project, Landcare , CASP and (2) to develop the community in Swartzkop	100%	100%	Q1- The Department earmark R 6 million for Agricultural development purposes. Q2 - No information available. Q3 - No information available. Q4 - No information available at reporting date.	Q1- Q2 - Q3 - Q4 -
8	Manufacturing: To ensure participation of the NDM in the development of the manufacturing sector with emphasis on building a secondary industry on the Working for Water project.	100%	100%	Q1- DEA develop an exit strategy which include the WfW. Q2 - Exit strategy in progress Q3 - Exit strategy in progress from DEA. Q4 - Charcoal business plan compiled and submitted for funding.	Q1- Q2 - Q3 - Q4 -

	PERFORMANCE INDICATORS – WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
9	Coastal :To ensure participation of the NDM in the development of the mariculture park in Port Nolloth and Hondeklipbay with R250 million as part of the DGDS	100%	100%	Q1- Funds are obtained but project stop due to Eskom shortage supply of energy. Q2 - No information available Q3 - No information available Q4 - Application for energy supply submitted and anchor tender yet to be finalised	Q1- Q2 - Q3 - Q4 -
10	Social sector: To ensure participation of the NDM in (1) the implementation of the 1st phase of the ASGISA by capacitated	100%	100%	Q1- No information available. Q2 - No information available Q3 - No information Q4- Change in plans but not communicated with NDM	Q1- Q2 - Q3 - Q4 -
	NGO's and CBO's in partnership with ELGIN College.(2) the ABET skills training				
11	To contribute R700 000 to Nama Khoi and R500 000 each to the remaining B- municipalities within the Namakwa Region for job creation	100%	67%	Q1- Richtersveld, Nama Khoi and Khai Ma start their processes. HQ2 - Karoo hoogland, Nama Khoi and Hantam still to claim funds. Q3 - Municipalities still to claim funds. Q4 - Nama Khoi and Richtersveld funds utilized against their OBSA loans. Other four claim funds but still 1/3 left and not spent.	Q1- Q2 - Q3 - Q4 -
12	To ensure participation of the NDM in the implementation of the identified poverty relief projects for the Social Responsibility programme of DEAT.	100%	100%	Q1- Working for the coast projects for FAMDA and SANParke to the amount of R20 million. Q2 - Work in progress Q3 - Report attached to narrative. Q4 - Report attached.	Q1- Q2 - Q3 - Q4 -
13	To ensure participation of the NDM and support the obtaining of learnerships and to build the capacity of LED officials in partnership with DBSA and to lobby for provincial and national support	100%	100%	Q1- No Institution are secure for the theory and S &T planning lacking Q2 - No Institution are secure for the theory and S &T planning lacking Q3 - Apart from outstanding theory, we hosted learners, biodiversity training according to plans. Q4 - LED Learnership completed, Bio diversity training according to plans and DEA deployment finalised and will started 08/09.	Q1- Q2 - Q3 - Q4 -
14	To bridge the gap between 2nd and 1st economies by funding women, youth and rural businesses up to the amount of R500 000 within the NDM area before June 2009.	100%	60%	Q1- No funds are secured for project yet. Q2 - DEA funds possibly available. Need further talks with DEA Q3 - No progress. Q4 - No progress	Q1- Q2 - Q3 - Q4 -
15	Environment and Tourism Sector: Eradication of prosopis to protect the underground water resources and to eradicate poverty in our communities according EPWP principles.	100%	100%	Q1- Project according to planning. Additional amount of R1 million secure for poverty relief. Q2 - All according plans Q3 - Produce closing down reports and spent funds as planned. Q4 - Next phase started with R6.1 million funding.	Q1- Q2 - Q3 - Q4 -

	PERFORMANCE INDICATORS – WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
16	To ensure participation of the NDM in (a) the development of the coastal area between Spoeg- and Groenriver in partnership between SANPARKS and De Beers to create a National Park. (b) To regulate access to the coastline between Groenriver and Brakriver	100%	100%	Q1- No progress due to possible withdrawal of De Beers from Namakwa Region. Q2 - Coastal Park proclaimed Q3 - Project done by training from CI. Q4 - Coastal Park proclaimed and project include in bio diversity training as project for possible funding.	Q1- Q2 - Q3 - Q4 -
17	To ensure participation of the NDM in the greening of the area between Bergsig and Okiep with indigenous plants in Partnership of SANBI.	100%	100%	Q1- Nama Khoi are the owners of project with external agent. Project completed. Q2 - Project completed. Q3 - Project completed. Q4 - Project completed.	Q1- Q2 - Q3 - Q4 -
18	To ensure participation of the NDM in the use of the green, natural and renewable resources as a tool for economic and social development in partnership with CI through the Skeppies programme.	100%	100%	Q1- 14 projects were review by panel and 11 are successfully funded to the amount of R1480 000 Q2 - New funds will be sourced from DBSA Q3 - Closing down report delivered. Q4 - No new projects funded, emphasis was on developing plans.	Q1- Q2 - Q3 - Q4 -
19	To ensure participation of the NDM in the sustainability study of a Tourism Hub along the N7 to promote and market our region for tourism purposes in partnership with Namda.	100%	100%	Q1- Land claim finalised and process will restarted soon. Q2 - Land claim finalised and process will restarted soon. Q3 - No progress. Q4 - No progress.	Q1- Q2 - Q3 - Q4 -
20	To develop/upgrade and marketing of tourism attraction sites in the Namakwa District.	100%	100%	Q1- Process not started yet. Q2 - Planning was done, due next quarter Q3 - Cleaning started with business plans. Q4 - Money spent according to plans and project closed down.	Q1- Q2 - Implementation due next quarter Q3 - Q4 -
21	To report and advocate the completion of a feasibility study for the construction of a dam along the Lower Orange River.	100%	100%	Q1- No additional information received yet. Dam building plan for 2012. Q2 - No additional information received yet. Dam building plan for 2012. Q3 - No information. Q4 - No information.	Q1- Q2 - Q3 - Q4 -
22	To market the Namakwa Region through a documentary program which will be broadcast on National TV and acquiring of future marketing material.	100%	100%	Q1- Contact was established and programme will restart in November 2008 Q2 - April 2009 project will started Q3 - Completed Q4 - Completed	Q1- Q2 - Q3 - Q4 -

	PERFORMANCE INDICATORS - WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
23	To promote tourism through the creation of a clean, friendly and safe environment: Cleanest Town Competition	0%	0%	Q1- Lack of funding, no provision was made by DTEC. Q2 - Lack of funding, no provision was made by DTEC. Q3 - See above. Q4 - See above.	Q1- Q2 - Q3 - Q4 -
24	To ensure participation of the NDM in the development of the area between The Richtersveld National Park and the Ais Ais National Parks as a Tran frontier park.	100%	100%	Q1- Camping sites was build and project nearly completed. Need additional funding. Q2 - Additional funding obtain from DTEC Q3 - No information. Q4 - No information.	Q1- Q2 - Q3 - Q4 -
25	Budget Control - Income	100%	100%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
26	Budget Control - Expenditure	100%	100%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
27	To ensure participation of the NDM in (1) the establishment and branding of the route between Cape Town and Namibia for tourism purposes and (2) the development of road signage policies and regulations for the whole of the Namakwa District in partnership with DTEC.	100%	100%	Q1- Roads signage in final stage, and Route planning and marketing still in process. Q2 - Process in final stages. Q3 - Process in final stages. Q4 - Report included in tourism section	Q1- Q2 - Q3 - Q4 -
28	To ensure participation of the NDM in the promotion and strengthen Co-operation between Karas region (Namibia) and Namakwa (Northern, Cape, South Africa).	100%	100%	Q1- Process under review, because no too little participation from Namibia. Q2 - Process under review, because no to little participation from Namibia. Q3 - No progress Q4 - Political visit was done.	Q1- Q2 - Q3 - Q4 -
29	Conduct departmental meetings at least 4 times a year.	100%	100%	Q1- WFW Departmental meeting was held with minutes. Q2 No formal meetings schedule. Daily contact Q3 - Closed daily contact. Q4 - Daily contact	Q1- Q2 - Q3 - Q4 -

TOTAL FOR THE VOTE SELECTED - %	100%
CONVERTED TO 100% FOR THE VOTE	100%

Performance for September 2008	89.00%	89.00%
Performance for December 2008	81.20%	81.20%
Performance for March 2009	92.70%	92.70%
Performance for June 2009	93.12%	93.12%
Average Performance for the Year	89.01%	89.01%

PLANNING AND DEVELOPMENT

Projects

No.	PERFORMANCE INDICATORS – WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
1	The completion of 42 houses in Hondeklipbay by December 2008.	0%	0%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
2	The rectification of 25 + 7 houses in Hondeklipbay before October 2008.	100%	50%	Q1- Project Scope changed Q2 - Contract still to be signed Q3 - Construction started during March. Q4 -	Q1- New tenders to advertised Q2 - Speed up process Q3 - Q4 -
3	Construction of new sport facilities at Port Nolloth according to approved business plan before December 2008	0%	85%	Q1- Lack of MIG funding Q2 - Q3 - Q4 -	Q1- Liaise with MIG provincial to rectify technical problem Q2 - Q3 - Q4 -
4	Erection and completion of Zwartkop sport facilities according to approved specifications by June 2009.	100%	0%	Q1- Town planning in progress Q2 - DH&LG in process of expropriation of erven - town planning will follow Q4 - DH&LG in process of expropriation of erven - town planning will follow	Q1- Contact DPLG To speed up town planning process Q2 - Liaise with DH&LG for progress on process Q3 - Q4 - Liaise with DH&LG in terms of Town planning
5	Development of Spoegrivier sport facilities according to business plan before August 2008.	0%	0%	Q1- In process Q2 - Almost completed resources exhausted Q3 - Q4 -	Q1- Speed up construction Q2 - Liaise with the National Lottery board funds Q3 - Q4 -
6	Completion of sportgrounds at Okiep by October 2008 (phase 2) according to the approved business plan.	0%	75%	Q1- Contractor appointed Q2 - Fencing partly completed Q3 - Q4 -	Q1- Q2 - Schedule a meeting with contractor to discuss a progress Q3 - Q4 -
7	Completion of the upgrading of Williston Oxidation Ponds according to Engineers specification before June 2009.	0%	0%	Q1- Completed Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
8	Completion of the Pofadder/Onseepkans sewerage system upgrading before June 2009.	100%	0%	Q1- Awaiting funding from MIG Q2 - Awaiting funding from MIG Q3 - Q4 -	Q1- Contact DPLG to speed up process Q2 - Contact DPLG to speed up process Q3 - Q4 -

9	The completion of the Pofadder Bulk Water network according to the business plan before June 2009.	0%	0%	Q1- Tender process have been delayed Q2 - Tender process have been delayed Q3 - Q4 -	Q1- Restart tendering process Q2 - Restart tendering process Q3 - Q4 -
10	Completion of the Loeriesfontein upgrading of existing oxidation dam according to Engineers specification before June 2009.	100%	0%	Q1- Q2 - No Information Q3 - Q4 -	Q1- Q2 - Liaise with Local Municipality Q3 - Q4 -
11	Completion of the upgrading of Sutherland Waste Water Treatment Works before June 2009.	100%	0%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
12	Accreditation of NDM for house delivery before August 2008.	0%	0%	Q1- After funding is received appointment can be made Q2 - Appointment will take place after April 2009 Q3 - Q4 -Unit not yet been established	Q1- Contact service provider to speed up compiling of sector plans Q2 - Funds will be available in April 2009 Q3 - Q4 - Outstanding sector plans and funds
13	Completion of pipeline/sea water desalination according to engineers.	100%	0%	Q1- Waiting on MIG funds Q2 - Waiting on MIG funds Q3 - Q4 - Waiting on MIG funds	Q1- Local Municipality have to follow up with DPLG Q2 - Liaise with DPLG Q3 - Q4 - Liaise with DPLG
14	Upgrading of water and sanitation facilities at 8 schools in the Namakwa DM.	0%	0%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
15	Budget Control-Income	100%	100%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
16	Budget Control-Expenditure	100%	100%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
17	Conduct departmental meetings at least 4 times a year.	100%	100%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -

TOTAL FOR THE VOTE SELECTED - %	100%
CONVERTED TO 100% FOR THE VOTE	100%

Performance for September 2008	95.70%	95.70%
Performance for December 2008	82.25%	82.25%
Performance for March 2009	39.50%	39.50%
Performance for June 2009	54.00%	54.00%
Average Performance for the Year	67.86%	67.86%

ROADS & TRANSPORT

Roads

No.	PERFORMANCE INDICATORS – WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
1	Grade of 95 000 blade km before June 2009.	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
2	Regraveling of Roads- AP3543/44/51/52 MP566/67	100.00%	20.00%	Q1- Q2 - Budget constrains Q3 - Q4 -	Q1- Q2 - Funding formula should be addressed Q3 - Q4 -
3	Repair of road damage by floods before June 2009.	100.00%	50.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
4	Surfacing of 11.8 km of Divisional Road 3247 (Khubus Access) by June 2009.	100.00%	0.00%	Q1- NDM not implementing agent. Q2 - Q3 - Q4 -	Q1- Get more information about status quo of project. Q2 - Q3 - Q4 -
5	The surfacing of the Onseepkans-Pofadder Road before June 2009.	100.00%	50.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
6	The replacement of old road signs with new format before 30 June 2009.	100.00%	50.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
7	The surfacing of the Alexanderbay-Khubus Road before 30 June 2009.	100.00%	0.00%	Q1- NDM not implementing agent. Q2 - Q3 - Q4 -	Q1- Get more information about status quo of project. Q2 - Q3 - Q4 -
8	Write quarterly reports to council	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
9	Write montly reports to DOT	100.00%	0.00%	Q1- Backlog in data capturing due to absence of Admin Clerk. Q2 - Backlog in data capturing due to absence of Admin Clerk. Q3 - Q4 -	Q1- Appoint temporary person to get on track before December 2008. Q2 - Q3 - Q4 -
10	Held monthly meetings with DOT regarding budget expenditure and work progress	100.00%	0.00%	Q1- Receive no invitation from DOT. Q2 - Receive no invitation from DOT. Q3 - Q4 -	Q1- Inform District Engineer of importance of attendance. Q2 - Q3 - Q4 -

No.	PERFORMANCE INDICATORS – WHAT	30-Jun-09 Target %	30-Jun-09 Actual %	Reason for performance status	Remedial action takes
11	Budget Control-Expenditure	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
12	Budget Control-Income	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -
13	Regular staff meetings	100.00%	0.00%	Q1- Q2 - Q3 - Q4 -	Q1- Q2 - Q3 - Q4 -

TOTAL FOR THE VOTE SELECTED - %	100%
CONVERTED TO 100% FOR THE VOTE	100%

Performance for September 2008	80.61%	80.61%
Performance for December 2008	87.44%	87.44%
Performance for March 2009	50.27%	50.27%
Performance for June 2009	12.90%	12.90%
Average Performance for the Year	57.80%	57.80%

DRAFT

DRAFT

Accounting Policy

ACCOUNTING POLICY FOR NAMAKWA DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 "Determining the GRAP Reporting Framework", issued by the Accounting Standards Board.

The standards are summarized as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12 – Inventories
GRAP 16 – Investment Properties
GRAP 17 – Property, Plant and Equipment
GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets
GRAP 102 – Intangible Assets

2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets

6. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

7. RESERVES

7.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR in terms of a Council Resolution for approval thereof. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The amount transferred to the CRR is based on the municipality's need to finance capital projects included in the Integrated Development Plan.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

7.2 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation reserve is realized as revaluated buildings are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus / (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

8. LEASES

8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

8.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

9. BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

10. UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

11. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

12. EMPLOYEE BENEFITS

(a) *Pension obligations*

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives

Years		Years	
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Buildings	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	20-30	Landfill sites	15
Libraries	20-30	Quarries	25
Parks and gardens	15-20	Emergency equipment	10
Other assets	15-20	Computer equipment	3
<u>Heritage assets</u>			
No depreciation			
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), and an impairment loss is charged to the Statement of Financial Performance.

13.5 *Derecognition*

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

14. INTANGIBLE ASSETS

14.1 *Initial Recognition*

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

14.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

14.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

14.3 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

15. INVESTMENT PROPERTY

15.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an

investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use

The cost of self-constructed investment property is the cost at date of completion.

15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

15.5 Derecognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

16. NON-CURRENT ASSETS HELD FOR SALE

16.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

16.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

17. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

18. IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

19. INVENTORIES

19.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

19.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of

inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

20.1 Initial Recognition

Financial instruments are initially recognised at fair value.

20.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

20.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

20.2.2 Trade and Other Receivables

For amounts due from debtors carried at amortised cost, the municipality first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment include significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 120 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

20.2.3 Trade Payables and Borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

20.2.4 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with bank, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

20.3 Derecognition of Financial Instruments

20.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the

risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

20.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

20.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

20.5 *Impairment of Financial Assets*

The Municipality assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

21. REVENUE

21.1 *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

21.2 *Revenue from Exchange Transactions*

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

21.3 Grants, Transfers and Donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

22. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

23. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

24. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as

expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

25. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

26. CONTINGENT LIABILITIES

Contingent liabilities existent at the reporting date include housing loan guarantees issued by arrangement with Council's bankers. An investment has been ceded to the bank for global security against individual guarantees issued for collateral security provided for approved employees.

Other known contingent liabilities are reflected in the financial statements.

28. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, changes and the treatment of assets financed by external grants.

DRAFT

NAMAKWA DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Notes	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net Assets		46,499,013	42,849,639
Capital Replacement Reserve	2	1,836,325	2,993,023
Accumulated Surplus/(Deficit)		44,662,688	39,856,616
Non-Current Liabilities		4,164,891	4,760,194
Long-term Liabilities	3	4,164,891	4,760,194
Current Liabilities		22,655,355	36,617,891
Employee Benefits	4	2,023,318	1,912,065
Trade and Other Payables	5	3,780,298	5,506,396
Unspent Conditional Government Grants and Receipts	6	16,256,434	28,402,873
Taxes	7	-	221,920
Current Portion of Long-term Liabilities	3	595,304	574,637
Total Net Assets and Liabilities		73,319,259	84,227,724
ASSETS			
Non-Current Assets		10,220,628	10,130,795
Property, Plant and Equipment	9	10,219,482	10,064,215
Investment Property	10		
Intangible Assets	11		
Investments	12	1,146	1,146
Long-Term Receivables	13	-	65,434
Current Assets		63,098,631	74,096,929
Inventory	14	587,378	621,750
Other Receivables from non-exchange transactions	15	435,957	6,553,362
Operating Lease Asset	16	10,023	-
Taxes	7	165,381	-
Current Portion of Long-term Receivables	13	2,303	25,516
Cash and Cash Equivalents	17	61,897,588	66,896,301
Total Assets		73,319,259	84,227,724

NAMAKWA DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
REVENUE			
Revenue from Non-exchange Transactions		62,000,836	55,242,437
Taxation Revenue		-	-
Regional Services Levies		-	-
Transfer Revenue		61,984,353	55,242,437
Government Grants and Subsidies	18	61,832,356	55,242,437
Contributed Property, Plant and Equipment		151,997	-
Other Revenue		16,483	-
Other		16,483	-
Revenue from Exchange Transactions		11,691,868	10,278,975
Service Charges		-	36,968
Rental of Facilities and Equipment		5,346,560	4,610,111
Interest Earned - external investments		5,543,786	3,967,430
Interest Earned - outstanding receivables		166	23,853
Other Income	19	801,355	1,640,613
Total Revenue		73,692,704	65,521,412
EXPENDITURE			
Employee related costs	20	19,874,525	17,260,158
Remuneration of Councillors	21	2,134,216	2,115,104
Debt Impairment	22	2,818,661	1,279,593
Depreciation and Amortisation	23	1,286,168	877,459
Repairs and Maintenance		1,789,178	1,585,117
Finance Costs	24	739,996	812,200
Grants and Subsidies Paid	25	1,961,588	968,277
Other Operating Grant Expenditure		23,642,231	19,704,421
General Expenses	26	15,875,778	13,687,918
Total Expenditure		70,122,342	58,290,247
Operating Surplus for the Year		3,570,362	7,231,165
Gains/(Loss) on Sale of Assets	27	79,013	92,583
NET SURPLUS/(DEFICIT) FOR THE YEAR		3,649,375	7,323,748
Refer to Appendix E(1) for explanation of variances			

NAMAKWA DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		61,221,272	74,921,477
Cash paid to suppliers and employees		(69,165,622)	(57,473,197)
Cash generated/(absorbed) by operations	30	(7,944,350)	17,448,280
Interest Received		5,543,952	3,991,283
Interest Paid		(739,996)	(812,200)
Net Cash from Operating Activities		(3,140,394)	20,627,363
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(1,451,345)	(586,052)
Proceeds on Disposal of Fixed Assets		23,755	132,821
(Increase)/Decrease in Long-term Receivables		88,647	168,041
Net Cash from Investing Activities		(1,338,943)	(285,190)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(574,639)	(335,717)
Net Cash from Financing Activities		(574,639)	(335,717)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(5,053,976)	20,006,456
Cash and Cash Equivalents at the beginning of the year		66,896,301	46,889,845
Cash and Cash Equivalents at the end of the year	31	61,897,588	66,896,301
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(4,998,713)	20,006,456

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2. NET ASSET RESERVES

RESERVES	1,836,325	2,993,023
Capital Replacement Reserve	1,836,325	2,993,023
Government Grant Reserve	-	-
Total Net Asset Reserve and Liabilities	1,836,325	2,993,023

3. LONG TERM LIABILITIES

Annuity Loans - At amortised cost	4,760,195	5,282,774
Capitalised Lease Liability - At amortised cost	-	52,057
	4,760,195	5,334,831
Less: Current Portion transferred to Current Liabilities	(595,304)	(574,637)
Annuity Loans - At amortised cost	(595,304)	(522,580)
Capitalised Lease Liability - At amortised cost	-	(52,057)
Total Long-term Liabilities - At amortised cost using the effective interest rate method	4,164,891	4,760,194

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

4. EMPLOYEE BENEFITS

Annual Bonuses	605,569	583,343
Staff Leave	1,417,749	1,348,722
Total Employee Benefits	2,023,318	1,912,065

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	1,348,722	1,431,350
Contribution to provision	338,098	67,372
Expenditure incurred	(269,071)	(150,000)
Balance at end of year	1,417,750	1,348,722

Annual Bonusses

Balance at beginning of year	563,343	545,000
Transfer from non-current	-	-
Contribution to provision	961,285	837,454
Expenditure incurred	(919,059)	(819,111)
Balance at end of year	605,569	583,343

TOTAL - EMPLOYEE BENEFITS

Balance at beginning of year	1,912,065	1,976,350
Transfer from non-current	-	-
Contribution to provision	1,299,383	904,826
Expenditure incurred	(1,188,130)	(969,111)
Balance at end of year	2,023,319	1,912,065

	2009 R	2008 R
5. TRADE AND OTHER PAYABLES		
Trade Payables	307,120	192,955
Payments received in advance	12,727	20,949
Fines Received Suspense Account - 2009	132,210	-
Fines Received Suspense Account - 2008	388,120	388,120
Fines Received Suspense Account - 2007	534,900	534,900
Fines Received Suspense Account - 2006	355,148	355,148
Other Creditors	2,052,073	4,016,324
Total Creditors	3,780,298	5,506,396
6. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
6.1 Conditional Grants from other spheres of Government		
Unspent Grants	16,258,434	28,402,873
Less: Unpaid Grants	-	-
Total Conditional Grants and Receipts	16,258,434	28,402,873
See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
7. TAXES		
VAT Payable	-	221,920
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
VAT Receivable	165,381	-
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
8. SHORT-TERM LOANS		
The Municipality has no short term loans.		

10. INVESTMENT PROPERTY

Net Carrying amount at 1 July

Cost/Valuation

Correction of Error - Note 29.2

Accumulated Depreciation

Transfer from Property, Plant and Equipment

Cost

Accumulated Depreciation

Acquisitions

Fair Value Adjustments

Depreciation for the year

Net Carrying amount at 30 June

Cost/Valuation

Accumulated Depreciation

The fair value of Investment Properties, as valued by the municipality's valuer, is estimated at:

Exemptions taken for investment property according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

11. INTANGIBLE ASSETS

Net Carrying amount at 1 July

Cost

Accumulated Amortisation

Acquisitions

Amortisation

Disposals

Amortisation written back on disposal

Impairment Loss/ Reversal of Impairment Loss

Net Carrying amount at 30 June

Cost

Accumulated Amortisation

Exemptions taken for intangible assets according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

12. INVESTMENTS

Financial Instruments

Unlisted

Unlisted Stock: Nuweveld Co-op held at fair value through profit and loss

Total Investments

No investments have been pledged as security for any funding facilities of the council.

13. LONG TERM RECEIVABLES

OCC Housing Loans - At amortised cost

Less: Current portion transferred to current receivables

Total Long Term Receivables

2009
R

2008
R

-

54,822

382,357

382,357

(382,357)

(327,735)

-

-

-

(54,822)

-

-

-

-

-

-

-

-

382,357

382,357

(382,357)

(382,357)

1,146

1,146

1,146

1,146

2,303

90,950

(2,303)

(25,516)

-

65,434

	2009 R	2008 R
14. INVENTORY		
Consumable Stores - At cost	587,378	621,750
Total Inventory	587,378	621,750
15. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Regional Service Levies	-	1,081,279
Other Debtors	3,165,701	5,795,392
Suspense Accounts	-	382,005
Prepaid Expenses	192,266	395,985
	3,357,967	7,634,641
Less: Provision for bad debts	(2,922,010)	(1,081,279)
Total Other Receivables from non-exchange transactions	436,957	6,553,362
The fair value of other receivables approximate their carrying value.		
<u>Regional Service Levies</u>		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	-	1,081,279
Total	-	1,081,279
<u>Reconciliation of Provision for Bad Debts</u>		
Balance at beginning of year	1,081,279	-
Contribution to provision	2,818,661	1,081,279
Bad Debts written off against provision	(977,930)	-
Balance at end of year	2,922,010	1,081,279
The total amount of this provision is R2 922 010 and consist of:		
Regional Services Levies	-	1,081,279
Other	2,922,010	-
Total Provision for Bad Debts on Trade Receivables from non-exchange transactions	2,922,010	1,081,279
The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.		
Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.		
16. OPERATING LEASE ARRANGEMENTS		
16.1 The Municipality as Lessee		
The municipality continued to lease office equipment, that was previous financed by capital leases as described in note 3. These operating leases is subject to a 90 day notice period.		
16.2 The Municipality as Lessor		
Straight-line of Operating Lease	10,023	-
Balance on 30 June	10,023	-
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	59,846	-
1 to 5 Years	238,583	-
More than 5 Years	238,583	-
Total Operating Lease Arrangements	536,812	-

	2009 R	2008 R
Reconciliation		
Amount previously recorded (Through change in accounting policy)	-	-
Change in accounting policy	-	-
Movement during the year	10,023	-
Balance on 30 June	10,023	-
17. CASH AND CASH EQUIVALENTS		
17.1 Assets		
Call Investments Deposits	54,883,783	57,789,678
Primary Bank Account	7,013,050	9,105,868
Petty Cash	755	755
Total Cash and Cash Equivalents - Assets	61,897,588	66,896,301
The municipality has the following bank accounts:		
Current Accounts		
ABSA Bank Limited - Account Number 1XXX1 (Primary Bank Account):	7,013,050	9,105,868
	7,013,050	9,105,868
ABSA Bank Limited - Account Number 2210000014 (Primary Bank Account):		
Cash book balance at beginning of year	9,105,868	4,878,987
Cash book balance at end of year	7,013,050	9,105,868
Bank statement balance at beginning of year	4,892,844	5,536,960
Bank statement balance at end of year	7,107,332	4,892,844
18. GOVERNMENT GRANTS AND SUBSIDIES		
RSC Levies Replacement Grants	20,250,870	17,994,363
Equitable Share	3,330,000	-
Subsidies	759,000	-
Other - Operating Grants	35,800,228	35,938,717
Other - Capital Grants	1,692,258	1,309,357
Total Government Grants and Subsidies	61,832,356	55,242,437
19. OTHER INCOME		
Unallocated Income recognised as Revenue	-	371,587
Sundries	801,355	1,269,026
Total Other Income	801,355	1,640,613
20. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	12,775,718	10,568,911
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	4,077,048	3,805,324
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1,139,821	1,065,998
Housing Benefits and Allowances	564,449	568,090
Overtime Payments	290,082	190,496
Bonuses	919,059	837,454
Long-Service Awards	108,548	223,885
	19,874,525	17,260,158
Less: Employee Costs allocated elsewhere		
Total Employee Related Costs	19,874,525	17,260,158
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Remuneration of the Municipal Manager		
Annual Remuneration	255,723	273,141
Car, Medical, House and Cellphone Allowance	141,767	193,521
Service Bonus	13,297	19,945
Contributions to UIF, Group Life, Bargaining Council and Pension Funds	39,602	75,439
Total	450,389	562,046

	2009 R	2008 R
Remuneration of the Chief Financial Officer		
Annual Remuneration	473,870	307,735
Car, Medical, House and Cellphone Allowance	219,789	183,323
Service Bonus	31,412	24,702
Contributions to UIF, Group Life, Bargaining Council and Pension Funds	88,688	91,954
Total	813,769	607,713
21. REMUNERATION OF COUNCILLORS		
Mayor	358,291	358,087
Speaker	318,038	286,015
Councillors	909,438	810,259
Travelling allowance	498,542	576,849
Telephone allowance	53,910	84,094
Total Councillors' Remuneration	2,134,216	2,115,104
In-kind Benefits		
The Mayor and Speaker are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.		
Certification by the Municipal Manager		
I certify that the remuneration of Councillors and In-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.		
.....		
Signed: Municipal Manager		
22. DEBT IMPAIRMENT		
Other Receivables from non-exchange transactions - Note 15	2,818,661	1,279,593
Total Contribution to Bad Debts Provision	2,818,661	1,279,593
23. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	1,286,168	822,837
Intangible assets		54,822
Total Depreciation and Amortisation	1,286,168	877,459
24. FINANCE COSTS		
Long-term Liabilities	739,996	812,200
Overdraft Facilities	-	-
Total Finance Costs	739,996	812,200

	2009 R	2008 R
26. GRANTS AND SUBSIDIES PAID		
Grants paid to Local Municipalities Institutions	1,961,588	968,277
Total Grants and Subsidies	1,961,588	968,277
28. GENERAL EXPENSES		
General Expenses	15,876,778	13,687,918
General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This includes items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.		
27. GAIN/ (LOSS) ON SALE OF ASSETS		
Property, plant and equipment	79,013	92,583
Total Gain/ (Loss) on Sale of Assets	79,013	92,583
28. CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GAMAP/GRAP		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP/GRAP:		
28.1 Government Grant Reserve		
Balance previously reported:		134,970
Implementation of GRAP		
Transfer to Accumulated Surplus/(Deficit)		(134,970)
Restated balance	-	-
28.2 Employee Benefits		
Balance previously reported:	-	583,343
Implementation of GRAP		
Staff Leave previously reported under Trade Payables - Note 5	-	1,348,722
Total	-	1,912,085
28.3 Trade Payables		
Balance previously reported:	-	7,080,919
Implementation of GRAP		
Staff Leave disclosed under Employee Benefits - Note 4	-	(1,348,722)
Total	-	5,712,197
28.4 Accumulated Surplus/(Deficit)		
Reversal of Government Grant Reserve	-	134,970
Property, Plant and Equipment purchased	-	135,535
Offsetting of Depreciation	-	(565)
Total	-	134,970
29. CORRECTION OF ERRORS DISCOVERED IN CURRENT YEAR AND CORRECTED IN TERMS OF GRAP 3		
29.1 Property, Plant and Equipment		
Balance previously reported	-	8,450,595
Investment Property previously included under Property, Plant and Equipment - Note 9.2	-	-
Cost	-	1,404,878
Accumulated Depreciation	-	(1,404,878)
Items of Property, Plant and Equipment recognised previously in Statement of Financial Performance - Note 9.1		1,613,620
Restated balance	-	10,064,215

	2009 R	2008 R
29.2 Investment Property		
Balance previously reported	-	-
Investment Property previously included under Property, Plant and Equipment - Note 10	-	-
Cost	-	1,404,678
Accumulated Depreciation	-	(1,404,678)
Restated balance	-	-
29.3 Inventory		
Balance previously reported		609,211
Adjustment in Inventory written-off in previous year - Note 14		12,539
Inventory written-off in previous year		102,484
Actual amount written-off per council resolution		(89,945)
Restated balance	-	634,288
29.4 Trade and Other Payables		
Balance previously reported		398,756
Incorrect provision for audit fees - Note 5		(205,801)
Restated balance	-	192,955
29.5 Taxes		
Balance previously reported		153,983
VAT Incorrectly claimed in previous years - Note 7		447,168
Restated balance	-	601,131
29.6 Accumulated Surplus/(Deficit) - 1 July 2007		
Items of Property, Plant and Equipment recognised previously in Statement of Financial Performance - Note 29.1		1,613,620
Incorrect provision for audit fees - Note 29.4		205,801
VAT incorrectly claimed in previous years - Note 29.5		(447,168)
Total	-	1,372,253
30. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	3,649,375	7,311,208
Adjustments for:		
Depreciation and amortisation	1,286,168	877,459
Gain on disposal of property, plant and equipment	(23,750)	(92,583)
Assets Scrapped	9,908	-
Investment Income	(5,643,952)	(3,991,283)
Interest paid	739,896	812,200
Operating Surplus/(Deficit) before changes in working capital	117,745	4,917,001
Changes in working capital	(7,814,565)	12,531,279
Increase/(Decrease) in Employee Benefits	111,253	18,343
Increase/(Decrease) in Trade and Other Payables	(1,810,963)	484,254
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(12,146,439)	10,354,794
Increase/(Decrease) in Taxes	(319,344)	19,863
(Increase)/Decrease in Inventory	34,372	(162,668)
(Increase)/Decrease in Other Receivables from non-exchange transactions	6,326,579	1,816,691
(Increase)/Decrease in Operating Lease Asset	(10,023)	-
Cash generated/(absorbed) by operations	(7,696,820)	17,448,280

	2009 R	2008 R
31. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 17	54,883,763	57,789,878
Cash Floats - Note 17	755	755
Bank - Note 17	7,013,050	9,105,888
Total cash and cash equivalents	61,897,588	66,896,301

32. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 3	4,760,195	5,334,831
Used to finance property, plant and equipment - at cost	(4,760,195)	(5,334,831)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act

33. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

33.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	-	-
Unauthorised expenditure current year	815,434	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	815,434	-

Incident	Amount	Disciplinary steps/criminal proceedings
<i>Payments made to suppliers where Supply Chain Regulations were not adhered to:</i>		
GL en Ryk Konstruksie CC	R 5,000	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken.
Zamakulueisa	R 53,050	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken.
Payments made to Uluntu Valuations that exceeds tender price	R 757,384	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken.
Total Unauthorised Expenditure	R 815,434	

33.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	-
Fruitless and wasteful expenditure current year	1,530,457	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	1,530,457	-

Incident	Amount	Disciplinary steps/criminal proceedings
<i>Payments made to suppliers where Supply Chain Regulations were not adhered to:</i>		
LEP Pad en Bou Konstruksie	R 355,000	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken.
GL en Ryk Konstruksie CC	R 300,100	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken.
Zamakulwela	R 256,000	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken.
SJ Boudienste	R 130,000	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken.
Nama North Development	R 350,000	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken.
<i>Expenditure i.r.o maintenance to Buffelsrivier Road</i>	R 139,357	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken.
Total Fruitless and wasteful expenditure	R 1,530,457	

33.3 Irregular expenditure

Reconciliation of Irregular expenditure:

Opening balance
Irregular expenditure current year
Condoned or written off by Council
Transfer to receivables for recovery - not condoned
Irregular expenditure awaiting condonement

2009 R	2008 R
-	-
8,204,215	-
-	-
-	-
8,204,215	-

Incident	Amount	Action taken
<i>Overpayment of travel allowance to Mayor</i>	R 1,818	<i>Funds will be recovered</i>
<i>Payments made to suppliers where Supply Chain Regulations were not adhered to:</i>		
Adv. LJ Krige	R 124,030	None - Investigation still progress
BVI Informasie & Kommunikasie Tegnologie	R 121,847	Payment was rectified
Kebble Engineering	R 621,620	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken.
LEP Pad en Bou Konstruksie	R 600,000	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken
GL en Ryk Konstruksie CC	R 496,400	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken

Zamakululeisa	R 256,000	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken
SJ Boudiensle	R 130,000	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken
Nama North Development	R 3,269,228	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken
Varios suppliers i.r.o. maintenance to COPE House	R 129,373	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken
Mubeko Africa	R 67,214	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken
D.A.R Technical Services	R 55,082	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken
Expenditure i.r.o maintenance to Buffelsrivier Road	R 139,357	None - Investigation still progress, if required the necessary disciplinary and legal steps will be taken.
Prepayments made to contractors for Work for Water projects	R 192,266	None - Investigation still progress
Total Irregular Expenditure	R 6,204,215	

	2009 R	2008 R
34. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
34.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
Opening balance	-	-
Council subscriptions	129,180	64,839
Amount paid - current year	(129,180)	(64,839)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
34.2 Audit fees - [MFMA 125 (1)(b)]		
Opening balance	60,539	234,715
Current year audit fee	680,000	630,000
Amount paid - current year	(641,811)	(604,176)
Amount paid - previous year	(60,539)	-
Balance unpaid (included in creditors)	38,189	60,539
34.3 VAT - [MFMA 125 (1)(b)]		
VAT inputs receivables and VAT outputs receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.	-	-
34.4 PAYE and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions	2,329,991	1,697,572
Amount paid - current year	(2,329,991)	(1,697,572)
Balance unpaid (included in creditors)	-	-
34.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	5,911,968	3,674,048
Amount paid - current year	(5,911,968)	(3,674,048)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

34.6 Commitment towards operating lease agreement

The municipality continued to lease office equipment, that was previous financed by capital leases as described in note 3. These operating leases is subject to a 90 day notice period. The operating lease commitment for the municipality will be R89 188.

34.7 Fuel losses

The municipality occur fuel losses of R13 355 during the year, due to fraudulent transactions by an employee of the municipality. Disciplinary action was taken against the employee and the employee is no longer working at the municipality. The recoverability of the loss of R13 355 is subject to the outcome of a disciplinary and legal procedures.

34.7 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Interest Rate Risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an ongoing basis.

(c) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

(d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

(e) Other Risks

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Municipal Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2009 R	2008 R
The maximum credit and interest risk exposures in respect of the relevant financial instruments are as follows:		
Investments	1,148	1,148
Long Term Receivables	-	65,434
Trade receivables from exchange transactions	-	-
Other receivables from non-exchange transactions	435,957	6,553,382
Other Debtors	165,381	-
Current Portion of Long-term Receivables	2,303	25,516
Short-term Investment Deposits	54,883,783	57,789,678
Bank and Cash Balances	7,013,805	9,106,623
Maximum Credit and Interest Risk Exposures	62,502,376	73,541,759

35. FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
Investments			
Unlisted Stock	Held to maturity	1,148	1,148
Long-term Receivables			
OCC House Loans	Loans and Receivables	-	65,434
Receivables			
Trade receivables from exchange transactions	Loans and Receivables	-	-
Other receivables from non-exchange transactions	Loans and Receivables	435,957	6,553,382
Other Current Assets			
VAT	Loans and Receivables	165,381	-
Government Subsidies and Grants	Loans and Receivables	-	-
Current Portion of Long-term Receivables			
OCC House Loans	Loans and Receivables	2,303	25,516

Short-term Investment Deposits			
Call Deposits	Held to maturity	54,883,783	57,789,678
Cash and Cash Equivalents			
Bank Balances	Held to maturity	7,013,050	9,105,888
Cash Floats and Advances	Held to maturity	755	755

SUMMARY OF FINANCIAL ASSETS

Held to maturity:			
Investments	Fixed Deposits	1,146	1,146
Short-term Investment Deposits	Call Deposits	54,883,783	57,789,678
Bank Balances		7,013,050	9,105,888
Cash Floats and Advances		755	755
		61,898,734	66,897,447
Loans and Receivables			
Long-term Receivables	Staff Loans	-	65,434
Consumer Debtors	Non-exchange transactions	435,957	6,553,362
Current Portion of Long-term Receivables	Staff Loans	2,303	25,516
VAT	VAT	165,381	-
		603,642	6,644,312
Total Financial Assets		62,502,376	73,541,759

Financial Liabilities

Classification

Long-term Liabilities			
Annuity Loans	At amortised cost	4,760,195	5,282,774
Capitalised Lease Liability	At amortised cost		52,057
Employee Benefits			
Bonuses	At amortised cost	605,589	563,343
Staff Leave	At amortised cost	1,417,760	1,348,722
Trade and Other Payables			
Payables	At amortised cost	3,780,298	5,506,396
Unspent Conditional Government Grants and Receipts			
Conditional Grants	At amortised cost	16,256,434	28,402,873

SUMMARY OF FINANCIAL LIABILITIES

At amortised cost:			
Long-term Liabilities		4,760,195	5,334,831
Non-current Provisions		-	-
Employee Benefits		2,023,319	1,912,065
Trade and Other Payables		3,780,298	5,506,396
Unspent Conditional Government Grants and Receipts		16,256,434	28,402,873
Total Financial Liabilities		26,820,246	41,156,165

36. EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after the reporting date.

37. IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance.

38. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

39. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

40. CONTINGENT LIABILITY

The municipality did not comply with all the requirements of the CIDB Act where work were performed by contractors. The potential liability for the municipality could be between R100 000 to R500 000 per contract. The contracts, where the requirements of the CIDB Act were not met, could be summarised as follows:

Contract	Payments made i.r.o the contract
Bloukrans/Rooiberg en Loeriesfontein	R 195,670
Bo-Waterdrif - Calvinia	R 195,000
Loeriesfontein/Ganaga Pas	R 190,000
Rooifontein/Kamasles	R 287,950
Vloosdrif/Rooiwal	R 4,250,000
Okiep Sportgrounds	R 259,892

41. EXEMPTIONS TAKEN ACCORDING TO DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES

GRAP 12 Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Property, Plant and Equipment or Agricultural Assets.

The municipality is currently in a process of measuring all inventories in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

GRAP 16 Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Property, Plant and Equipment.

The municipality is currently in a process of identifying and measuring all Investment Properties in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

GRAP 17 Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Investment Properties, Intangible Assets or Inventory. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land

Small asset items below a R10 000 threshold previously expensed
Property, Plant and Equipment financed by way of finance leases
Property, Plant and Equipment financed by way of provisions
Property, Plant and Equipment transferred as a result of the transfer of functions
Componentised infrastructure assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it measured in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2010 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2010. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The municipality did not measure the following, in terms of the transitional provisions:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

GRAP 102 Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Property, Plant and Equipment.

Computer Software

Intangible assets financed by way of finance leases

Intangible assets transferred as a result of the transfer of functions

Servitudes

The municipality is currently in a process of measuring all Intangible Assets in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

42. PROCESS TO COMPLY FULLY WITH THE IMPLEMENTATION OF GENERAL RECOGNISED ACCOUNTING PRACTICES (GRAP)

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of transitional provisions and implement GRAP at an earlier date in order to ensure more reliable financial reporting.

43. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard	Description	Effective Date
GRAP 18	Segment Reporting Information to a large extent is already included in Appendix D of the annual financial statements. When the Standard becomes effective the information will form part of the audited financial statements.	Unknown
GRAP 21	Impairment of non-cash-generating assets The municipality complies with IPSAS 21 which forms part of the GRAP Framework in terms of Directive 5. Minimal adjustments will be required to the financial statements.	Unknown
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers) The Municipality has already changed its structure of the financial statements and accounting policy to be in line with GRAP 23. Minimal adjustments will be required to the financial statements.	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in Appendix E(1) and E(2) of the annual financial statements. When the Standard becomes effective the information will form part of the audited financial statements.	Unknown
GRAP 26	Impairment of cash-generating assets The municipality complies with IAS 36 which forms part of the GRAP Framework in terms of Directive 5. Minimal adjustments will be required to the financial statements.	Unknown
GRAP 103	Heritage Assets No adjustments will necessary other than a separate line item in the Statement of Financial Position and the transfer of the values from property, plant and equipment.	Unknown

APPENDIX A
NAMAKWA DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30/06/2008	Received during the period	Redeemed written off during the period	Balance at 30/06/2009
LONG-TERM LOANS							
Total Long-term Loans				-	-	-	-
ANNUITY LOANS							
DBSA		100126	30/06/2013	2,755,043	-	422,214	2,332,829
DBSA		Various	2018/2019	2,527,731	-	100,365	2,427,366
Total Annuity Loans				5,282,774	-	522,579	4,760,195
GOVERNMENT LOANS							
Other				-	-	-	-
Total Government Loans				-	-	-	-
LEASE LIABILITY							
Office Equipment				52,057	-	52,057	-
Total Lease Liabilities		NDM006-460818	30/06/2009	52,057	-	52,057	-
TOTAL EXTERNAL LOANS				5,334,831	-	574,636	4,760,195

APPENDIX B
NAMAKWA DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost/Revaluation				Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Under Construction	Disposals/ COE	Closing Balance	Opening Balance	Disposals/ COE	Closing Balance
Land and Buildings	-	-	-	-	-	-	-	-
Land	4,635,319	355,783	-	1,006,499	3,984,603	4,439,432	1,077,161	3,474,933
Buildings	4,635,319	355,783	-	1,006,499	3,984,603	4,439,432	1,077,161	3,474,933
Infrastructure	-	-	-	-	-	-	-	-
Drains	-	-	-	-	-	-	-	-
Roads and Streets	-	-	-	-	-	-	-	-
Beach Improvements	-	-	-	-	-	-	-	-
Sewerage Mains and Purification	-	-	-	-	-	-	-	-
Electricity mains	-	-	-	166,716	9,080,863	1,816,173	908,087	2,118,868
Electricity Peak Load equipment	9,247,579	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-
Water Reservoirs	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-
Water Mains	-	-	-	-	-	-	-	-
Security Measures	18,031	-	-	-	18,031	7,513	7,513	11,119
	9,265,610	-	-	166,716	9,098,894	1,823,686	915,600	2,129,987
Community Assets	-	-	-	-	-	-	-	-
Parks and Gardens	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-
Recreation Grounds	900,000	-	-	-	900,000	900,000	-	900,000
Civic Buildings	1,003,811	-	-	-	1,003,811	1,003,811	-	1,003,811
	1,903,811	-	-	-	1,903,811	1,903,811	-	1,903,811
Heritage Assets	-	-	-	-	-	-	-	-
Total carried forward	15,804,740	355,783	-	1,173,215	14,987,308	8,166,929	1,992,761	7,508,731
								7,478,577

APPENDIX B
NAMAKWA DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost/Revaluation			Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Under Construction	Disposals/ COE	Closing Balance	Opening Balance	
Total brought forward	15,804,740	355,783	-	1,173,215	14,987,308	8,166,929	7,478,577
Lease Assets	206,252	-	-	-	206,252	165,002	-
Office Equipment (Lease)							
Other Assets	1,042,078	527,211	-	(1,796,262)	3,365,551	640,320	2,118,752
Office Equipment	229,090	58,001	-	188,555	98,536	181,291	69,474
Furniture and Fittings	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-
Plant and Equipment	1,200,830	-	-	141,683	1,059,147	1,078,108	18,164
Motor Vehicles	1,007,174	510,350	-	47,929	1,469,595	808,019	534,517
Fire Engines	-	-	-	-	-	-	-
Refuse Tankers	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-
Councillors Regalia	-	-	-	-	-	-	-
Conservancy Tankers	-	-	-	-	-	-	-
Water crafts	-	-	-	-	-	-	-
	3,479,172	1,095,562	-	(1,418,095)	5,992,829	2,707,738	2,740,907
Total	19,490,164	1,451,345	-	(244,880)	21,186,389	11,039,669	10,219,484

APPENDIX C
NAMAKWA DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009
MUNICIPAL VOTES CLASSIFICATION

	Cost/Revaluation				Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Under Construction	Disposals/ COE	Closing Balance	Opening Balance	Disposals/ COE	Closing Balance
Executive Mayor	77,543	-	-	(228,484)	306,027	53,549	62,470	236,682
Mayor: PA	6,228	-	-	-	6,228	3,322	3,322	4,567
Speaker	28,660	8,772	-	(15,186)	52,618	28,659	17,367	26,552
Speaker: Secretaries	7,226	-	-	(28,663)	35,889	3,248	3,248	10,047
Council: Councillors	10,692	-	-	5,260	5,432	9,605	6,888	4,889
Council Exp: Admin	742,599	124,818	-	(6,665,382)	7,532,799	428,013	(6,314,809)	7,193,932
Community Development Officer	900,000	-	-	900,000	-	900,000	900,000	-
Municipal Manager	20,398	12,369	-	(83,598)	116,365	16,435	9,698	31,507
Deputy Municipal Manager	-	-	-	-	-	-	-	-
Municipal Manager - Admin	23,181	-	-	(31,221)	54,402	22,644	10,969	30,063
Internal Audit	22,959	-	-	(4,826)	27,785	18,836	17,653	16,929
Administration - Admin	69,534	15,220	-	(650,943)	735,697	64,432	43,555	213,466
Administration - HR	28,268	-	-	(24,023)	52,291	22,601	11,515	21,061
Manager - Finance	33,618	15,395	-	(26,297)	75,310	32,360	174,624	34,791
Finance - Income	31,781	-	-	21,954	9,827	27,997	26,031	9,827
Finance - Expenditure	29,792	19,557	-	(181,586)	230,935	27,900	20,650	58,495
Safety	241,736	1,228	-	(3,113)	246,077	219,617	95,417	216,780
Head - Economic Development	544	25,136	-	(34,640)	60,320	494	494	10,305
Development & Marketing Officer	-	-	-	-	-	-	-	-
Tourism	50,503	-	-	(84,779)	135,282	24,374	16,618	40,495
Problem Animal Control	1,855	-	-	1,855	-	1,855	1,855	-
Head: Socio-Economic Develop	-	-	-	-	-	-	-	-
PIMS	263,499	239,383	-	(15,677)	518,559	137,852	137,852	212,015
Head Projects	9,262,090	24,738	-	151,015	9,135,813	1,831,740	(1,584,120)	2,130,775
Council Buildings	7,223,404	391,383	-	8,363,952	(749,165)	7,013,070	8,409,186	(1,314,229)
Council Vehicles	1,787,664	553,323	-	57,937	2,283,050	1,540,053	675,886	1,723,892
Council Projects	386	-	-	(285,886)	286,272	139	1,692	50,075
Environmental Health	30,682	20,023	-	22,131	28,574	15,553	15,550	3,989
	20,894,842	1,451,345	-	1,159,800	21,186,387	12,444,348	2,763,611	10,966,905
								10,219,482

APPENDIX D
NAMAKWA DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009
MUNICIPAL VOTES CLASSIFICATION

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
5,638,484	12,565,623	(6,927,139)	Executive & Council	6,587,864	16,125,857	(9,537,993)
25,230,880	5,939,518	19,291,362	Institutional Development	27,710,549	7,742,442	19,968,107
1,729,985	3,844,158	(2,114,173)	Social Development	1,048,248	3,921,166	(2,872,918)
7,519,984	8,976,484	(1,456,500)	Economic Development	7,514,960	8,960,981	(1,446,021)
26,659,890	28,142,231	(1,482,341)	Infrastructure Development	30,758,099	33,219,900	(2,461,801)
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
66,779,223	59,468,014	7,311,209	Sub Total	73,619,720	69,970,346	3,649,374
-	-	-	Less Inter-Departmental Charges	-	-	-
66,779,223	59,468,014	7,311,209	Total	73,619,720	69,970,346	3,649,374

APPENDIX E (2)
NAMAKWA DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
MUNICIPAL VOTES CLASSIFICATION

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive Mayor	-	-	-	-	-	0.00%	
Mayor: PA	-	-	-	22,000	(22,000)	-100.00%	Changes of employees
Speaker	8,772	-	8,772	15,000	(6,228)	-41.52%	Better price for computer equipment
Speaker: Secretary	-	-	-	-	-	0.00%	
Council: Councillors	-	-	-	-	-	0.00%	
Council Exp: Admin	124,818	-	124,818	140,000	(15,182)	-10.84%	Office equipment not purchased
Community Development Officer	-	-	-	7,000	(7,000)	-100.00%	Contract terminated
Municipal Manager	12,369	-	12,369	21,000	(8,631)	-41.10%	Changes of municipal manger
Deputy Municipal Manager	-	-	-	-	-	0.00%	
Municipal Manager - Admin	-	-	-	-	-	0.00%	
Internal Audit	-	-	-	-	-	0.00%	
Administration - Admin	15,220	-	15,220	20,000	(4,780)	-23.90%	Office equipment not purchased
Administration - HR	-	-	-	162,000	(162,000)	-100.00%	Office equipment not purchased
Manager - Finance	15,395	-	15,395	18,000	(2,605)	-14.47%	Better price for computer equipment
Finance - Income	-	-	-	-	-	0.00%	
Finance - Expenditure	19,557	-	19,557	26,000	(6,443)	-24.78%	Better price for computer equipment
Safety	1,228	-	1,228	1,500	(272)	-18.13%	Better price for office equipment
Head - Economic Development	25,136	-	25,136	28,000	(2,864)	-10.23%	Better price for computer equipment
Development & Marketing Officer	-	-	-	13,000	(13,000)	-100.00%	Vacant posts
Tourism	-	-	-	-	-	0.00%	
Problem Animal Control	-	-	-	-	-	0.00%	
Head: Socio-Economic Develop	-	-	-	-	-	0.00%	
PIMS	239,383	-	239,383	360,000	(120,617)	-33.50%	Vehicles not purchased
Head Projects	24,738	-	24,738	30,000	(5,262)	-17.54%	Better price for office equipment
Council Buildings	391,383	-	391,383	470,000	(78,617)	-16.73%	Paving to be performed in next year
Council Vehicles	498,060	-	498,060	506,000	(7,940)	-1.57%	
Council Projects	-	-	-	-	-	0.00%	
Environmental Health	20,023	-	20,023	28,000	(7,977)	-28.49%	Better price for computer equipment
Total	1,396,082	-	1,396,082	1,867,500	(471,418)		

APPENDIX F
NAMAKWA DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2008	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2009
Fuel Levy	1,273,754	-	-	-	(335,291)	-	938,463
RSC Levies Replacement Grant	-	20,250,870	-	-	(20,250,870)	-	-
Contribution Councilor Rem Grant	-	575,000	-	-	(575,000)	-	-
Equitable Share	-	3,330,000	-	-	(3,330,000)	-	-
Fencing	42,555	-	-	-	-	-	42,555
Land Development Objectives	190,045	-	-	-	(190,045)	-	-
IDP/LDO	86,368	190,045	-	-	(22,780)	-	253,633
Fire Equipment Grant	325,223	300,000	-	-	(308,655)	-	316,568
Border Fencing	54,239	-	-	-	-	-	54,239
Komaggas Road	4,371	-	-	-	-	-	4,371
Department of Transport	17,833,206	11,832,707	-	-	(22,926,181)	-	6,739,732
Maintenance Fund	22,233	-	-	-	(59,752)	-	22,233
Kamiesberg Elec (external funding)	59,752	-	-	-	-	-	-
Electronic Filing System	15,227	-	-	-	-	-	-
Drought Relief	1,163,844	-	-	-	(419,894)	-	15,227
Finance Management Grant	1,049,965	500,000	-	-	(1,061,889)	-	743,951
Richtersveld Special Fund	38,224	232,000	-	-	(229,511)	-	488,076
Kamiesberg Special Fund	186,494	630,000	-	-	(703,774)	-	40,713
Work for Water	4,932	7,536,697	-	-	(7,468,714)	-	112,720
Namaqua Sanitation Bucket System	269,797	-	-	-	(30,214)	-	72,915
Brandvlei Electricity Network	12,896	-	-	-	-	-	239,583
MIG	987,878	2,396,000	-	-	(1,728,774)	-	12,896
EPWP	135,792	-	-	-	-	-	1,655,104
Sport Development Grant	-	100,000	-	-	(82,300)	-	135,792
PIMS	409,655	1,075,000	-	-	(908,320)	-	17,700
MSIG (previous years)	2,010,496	(340,000)	-	-	(141,246)	-	576,334
SA Projects	98,654	138,800	-	-	(31,546)	-	1,529,250
Middelpos	21,240	-	-	-	-	-	205,909
Nieuwoudtville Access Road	126,312	-	-	-	-	-	21,240
Sakrivier Bridge	730,347	-	-	-	-	-	126,312
Training Reserve (SETA)	353,845	93,963	-	-	-	-	730,347
Clinic Sanitation	19,475	239,383	-	-	(258,858)	-	447,808
Swartzkop Sportgrounds (LOTTO)	207,475	-	-	-	-	-	-
Spoeignivier Sportgrounds (LOTTO)	207,528	-	-	-	(202,239)	-	207,475
NC Housing	500,000	-	-	-	-	-	5,289
Total	28,441,823	49,080,465	-	-	(61,265,853)	-	16,256,435

report of the auditor - general

REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE NAMAKWA DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Namakwa District Municipality which comprise the statement of financial position as at 30 June 2009 and the statement of changes in net assets, the statement of financial performance and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages xx to xx.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the effective Statements of Generally Recognised Accounting Practice (GRAP) as set out in accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Namakwa District Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the Namakwa District Municipality as at 30 June 2009 and its financial performance and cash flows for the year then ended, in accordance with the effective standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board, and in the manner required by the MFMA.

Emphasis of matters

Without qualifying my opinion, I draw attention to the following matters:

Unauthorised expenditure

9. As disclosed in note 33.1 to the financial statements, unauthorised expenditure amounting to R815 434 was incurred, due to payments to suppliers in excess of the tender amounts.

Fruitless and wasteful expenditure

10. As disclosed in note 33.2 to the financial statements, fruitless and wasteful expenditure amounting to R1 530 457 was incurred, due to payments to service providers for incomplete, substandard or no delivery of services and where service providers were engaged to provide services that the municipality could have performed using its own infrastructure and resources.

Irregular expenditure

11. As disclosed in note 33.3 to the financial statements, irregular expenditure amounting to R6 204 215 was incurred during the financial year, resulting from the following:
- Payments amounting to R6 010 131 made to service providers without complying with the provisions of the supply chain management policy of the municipality and regulation 24(a) of the Construction Industry Development Board (CIDB) Regulations, which states that all infrastructure contracts exceeding R200 000 must be published on the CIDB website.
 - Loans to contractors amounting to R192 266 were made in contravention of the provisions of section 164(1)(c) of the MFMA.
 - A payment of R1 818 was made in excess of the upper limits set by *Government Notice 1319*, published in *Government Gazette No. 31687 of 8 December 2008*, issued in terms of the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998).

Restatement of corresponding figures

12. As disclosed in note 29 to the financial statements, the corresponding figures for 2008 have been restated as a result of an error discovered during 2009 in the financial statements of the municipality at, and for the year ended, 2008.

Other matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Other information included in the annual report

13. I have not obtained other information included in the annual report and have not been able to identify any material inconsistencies with the financial statements.

Unaudited supplementary schedules

14. The municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with its legally adopted budget, in accordance with GRAP 1 *Presentation of Financial Statements*. The supplementary budget information set out in appendix E1 and E2 does not form part of the financial statements and is provided as additional information. Accordingly I do not express an opinion thereon.

Non-compliance with applicable legislation

Municipal Finance Management Act

15. Contrary to the requirement of section 64(2)(a) of the Municipal Finance Management Act, the Accounting Officer did not ensure that municipality have effective revenue collection systems as municipal buildings were leased out at rates which were below the market related rates.
16. Contrary to the requirements of section 64(2)(g) of the MFMA, the Accounting Officer did not ensure that interest is charged on long-outstanding debts.
17. Contrary to the requirement of section 72(1) of the Municipal Finance Management Act, the Accounting Officer did not assess the performance of the municipality during the first half of the financial year by 25 January 2009.
18. Contrary to the requirement of section 75(2) of the Municipal Finance Management Act, the Accounting Officer did not ensure that documents prescribed in section 75(1) are placed within the 5 days after its tabling in the council on municipal website.
19. Contrary to the requirement of section 79(c) of the Municipal Finance Management Act, the Accounting Officer did not regularly review and update the municipality's system of delegation.
20. Contrary to the requirements of section 116(1) of the MFMA, not all contracts and agreements procured through the supply chain management system of the municipality was in writing and contained provisions providing for:
 - (i) the termination of the contract or agreement in the case of non- or under-performance
 - (ii) dispute resolution mechanisms to settle disputes between the parties
 - (iii) the periodic review of the contract or agreement once every three years in the case of a contract or agreement longer than three years.

Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA)

21. Paragraph 7(1) of the Code of Conduct for Councillors states that a councillor must, within 60 days after appointment or election, declare in writing to the municipal manager the financial interests held by that councillor. Contrary to this requirement, the declarations of five councillors were found to be incomplete, as membership interests in close corporations and directorships of companies were not declared in the prescribed manner.
22. Contrary to the requirements of section 57 of the MSA, the municipality did not enter into a performance agreement with the chief financial officer during the financial year.

Governance framework

23. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

24. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	X	

No.	Matter	Y	N
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		X
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		X
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines as required by section 126 of the MFMA.	X	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	X	
Development of and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The municipality had an audit committee in operation throughout the financial year.		X
	• The audit committee operates in accordance with approved, written terms of reference.		X
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		X
7.	Internal audit		
	• The municipality had an internal audit function in operation throughout the financial year.	X	
	• The internal audit function operates in terms of an approved internal audit plan.	X	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		X
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		X
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		X
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	X	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.		X
12.	Powers and duties have been assigned, as set out in section 79 of the MFMA.	X	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		X
14.	SCOPA resolutions have been substantially implemented.	N/A	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		X
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		X
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the municipality against its mandate, predetermined objectives, outputs, indicators and targets as required by section 68 of the MFMA.	X	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		X

Quality of financial statements

25. The material amendments to the financial statements were identified by the auditors during the audit and not the internal controls of the municipality. This situation could have led to a qualified opinion had the annual financial statements not been adjusted during the audit. An understanding of the financial reporting objectives must be created with staff of the municipality to mitigate the risks over financial reporting and ensure quality and timeous financial statements. Furthermore, there should also be a discipline to produce quarterly financial statements and management information for review by management, the audit committee and internal audit.

Internal audit and audit committee

26. The establishment of a properly mandated audit committee is of critical importance as their role in the monitoring and review of internal control and financial management is critical to the maintenance of the current audit outcome. The appointment of the committee is the responsibility of council.

Risk management, internal controls and governance

27. An adequate fraud prevention plan should be developed and implemented subsequent to a proper risk assessment process within the municipality. Proper internal controls and monitoring structures should also be developed by management to address risks of financial and non compliance nature.

Follow up of prior year audit finding

28. The implementation of audit recommendations requires improved monitoring and supervision by management. Action plans developed to address audit outcomes should be monitored and overseen by council supported by the audit committee and internal audit and managed by the accounting officer.

Reporting of Performance Information

29. With regard to performance information, the following matters require attention:

The information system framework is not detailed enough to facilitate the preparation of a performance report that is accurate and complete. Furthermore, detailed standard operating procedures setting out the roles and responsibilities of all levels of staff involved in the collection and collation of performance information, from source document to reporting, has not been prepared and communicated throughout the entire municipality. This is indicative of a situation where adequate control processes and procedures were not designed and implemented to ensure the accuracy and completeness of reported performance information and adequate mechanisms were not established to monitor and review the performance management system as required by section 40 of the Municipal Systems Act, 2003.

Investigations

30. An investigation is being conducted to probe the manner in which infrastructure projects were allocated to suppliers. This investigation aims to determine if the Supply Chain Management Regulations and its prescripts were adhered to. The investigation was still ongoing at the reporting date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

31. I was engaged to review the performance information.

The accounting officer's responsibility for the performance information

32. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the MSA.

The Auditor-General's responsibility

- 33. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
- 34. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
- 35. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

Content of the integrated development plan (IDP)

- 36. The IDP of the municipality did not include the key performance indicators and performance targets determined in terms of its performance management system, as required by sections 26(i) and 41(1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.
- 37. The integrated development plan of the Namakwa District Municipality did not include a financial plan that included a budget projection for at least three years, as required by sections 26(h) of the MSA and regulation 2(3) of the Municipal Planning and Performance Management Regulations, 2001.

Performance management system

- 38. The performance management system of the municipality did not relate to the municipality's employee performance management processes, as required by regulation 7(1)(f) of the Municipal Planning and Performance Management Regulations, 2001.
- 39. External service providers of the municipality did not have key performance indicators and performance targets, resulting in them not being reviewed as required by section 46(1)(a) of the MSA.

Monitoring

- 40. The municipality did not establish mechanisms to monitor and review its performance management system during the financial year, as required by section 40 of the MSA.

Performance information not received in time

- 41. An assessment could not be performed of the reliability of the reported performance information, as set out on pages xx to xx of the annual report, since the information was not received in time for audit purposes.

APPRECIATION

42. The assistance rendered by the staff of the Namakwa District Municipality during the audit is sincerely appreciated.

Kimberley

30 November 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

DRAFT